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RECORDATION NO. 1 5099 Filed & Recorded

NOV 14 1986 12-1 3 PM November 14, 1986

INTERSTATE COMMERCE COMMISSION

6-318A026

Ms. Noreta R. McGee
Secretary
Interstate Commerce Commission
Washington, D.C.

NOV 14 1986

Dear Ms. McGee:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303 are the original and counterparts of an Equipment Lease dated as of November 1, 1986, a primary document as defined in the Commission's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Lessor: Wilmington Trust Company as Trustee under
GATC Trust No. 86-2
Rodney Square North
Wilmington, Delaware 19890

Lessee: General American Transportation
Corporation
120 South Riverside Plaza
Chicago, Illinois 60606

A description of the railroad equipment covered by the enclosed document is set forth in Schedule A attached hereto and made a part hereof.

Also enclosed is a check in the amount of \$10 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Completed CT. Kasper

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Ms. Noreta R. McGee
Secretary
Interstate Commerce Commission
November 14, 1986
Page Two

Kindly return the stamped original and counterparts of the enclosed document to Charles T. Kappler, Esq., Alvord and Alvord, 918 Sixteenth Street, N.W., Washington, D.C. 20006.

A short summary of the enclosed primary document to appear in the Commission's Index is:

Equipment Lease dated as of November 1, 1986 between Wilmington Trust Company, as Trustee, Lessor, and General American Transportation Corporation, Lessee, covering Tank Cars and Airslide Cars.

Very truly yours,


Charles T. Kappler

Enclosures

DESCRIPTION OF ITEMS OF EQUIPMENTDELIVERY ON 11/14/86

<u>Identifying Marks and Numbers</u>	<u>Number of Cars</u>	<u>Description</u>	<u>Basic Group</u>	<u>Purchase Price Each</u>	<u>Total Purchase Price</u>
I. TANK CARS					
GATX 17548-17549 17555	3	DOT 111A-100-W-1 20,000 Gal. MMP	A	\$63,576	\$190,728
GATX 57726-57734 57737-57738	11	DOT 111A100-W-1 14,000 Gal. Superphosphoric Acid	M	54,129	595,419
GATX 16884-16898 16900	16	DOT 111A100-W-1 20,000 Gal. Nitrogen Fertilizer Solution	A	42,304	676,864
GATX 22413 22416-22417 22422-22425 22427-22435 22437-22438 22440, 22442, 22446, 22447, 22450, 22453-22461 22463, 22467, 22469, 22470, 22472-22477	42	DOT 111A100-W-1 16,300 Gal. 50% Caustic Soda	E	40,278	1,691,676
TOTAL TANK CARS <u>72</u>					<u>\$3,154,687</u>
II. AIRSLIDE HOPPER CARS					
GACX 56444-56450	7	LO. Airslide 4,900 Cu. Ft. Corn/Starch	L	61,625	431,375
TOTAL FREIGHT CARS <u>7</u>					<u>431,375</u>
TOTAL RAIL CARS <u>79</u>					<u>\$3,586,062</u>

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INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASE

Dated as of November 1, 1986

Between

WILMINGTON TRUST COMPANY
not in its individual capacity but solely as
trustee under GATC Trust No. 86-2

LESSOR

And

GENERAL AMERICAN TRANSPORTATION CORPORATION

LESSEE

(GATC No. 86-2)

This Equipment Lease and certain of the sums due and to become due hereunder have been assigned to, and are subject to a security interest in favor of, Mercantile-Safe Deposit and Trust Company, as Security Trustee, pursuant to a Security Agreement-Trust Deed dated as of November 1, 1986, from Wilmington Trust Company as Trustee under GATC Trust No. 86-2, as debtor, to said Security Trustee.

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EQUIPMENT LEASE

THIS EQUIPMENT LEASE dated as of November 1, 1986 between WILMINGTON TRUST COMPANY, a Delaware banking corporation, not individually but solely as Owner Trustee (the "Lessor" or "Owner Trustee") under the Trust Agreement dated as of November 1, 1986 with Columbia Willamette Leasing, Inc. (the "Trustor"), and GENERAL AMERICAN TRANSPORTATION CORPORATION, a New York corporation (the "Lessee");

R E C I T A L S:

A. The Lessee has heretofore acquired, or has entered into purchase orders giving it the right to acquire, the Items of Equipment hereinafter described and certain of such Items have been delivered to and accepted by the Lessee. The Lessee now desires to lease rather than own such Equipment, and for such purpose to enter into this Equipment Lease with the Lessor and further to enter into various bills of sale providing for the transfer to the Lessor of title to those Items of Equipment already delivered to and accepted by the Lessee and will, pursuant to the terms and provisions of the Participation Agreement referred to in Recital C below, enter into one or more bills of sale providing for transfer to the Lessor of title to all remaining Items of Equipment to be delivered and accepted from time to time hereunder. All such bills of sale are herein referred to as the "Bills of Sale".

B. The Lessee and the Lessor intend to enter into an Assignment of Warranties dated as of November 1, 1986 (the "Assignment of Warranties") providing for the assignment of all warranties relating to the Equipment from the Lessee to the Lessor.

C. The Lessee and the Lessor intend to enter into a Participation Agreement dated as of November 1, 1986 (the "Participation Agreement") with the Trustor, Mercantile-Safe Deposit and Trust Company, as security trustee (the "Security Trustee"), and the institutional investor named in Schedule 2 thereto (the "Note Purchaser") providing for the commitment of the Note Purchaser which, together with funds provided by the Trustor, will permit the Lessor to obtain the funds necessary to purchase the equipment (collectively the "Equipment" and individually an "Item of Equipment") described in Schedule A hereto and made a part hereof. The Trustor will commit to advance an amount equal to 36.5619% of the Purchase Price of each Item of Equipment and the Note Purchaser will commit to purchase the 9.7% Secured Notes (the "Notes") of the Lessor in an amount approximately equal to 63.4381% of the Purchase Price of each Item of Equipment. Upon the satisfaction of certain conditions set forth in the Participation Agreement, the amount of the investment of the

Trustor may, at the option of the Lessee, be adjusted so that the Trustor shall have advanced an amount less than or equal to 36.5619%, but not less than 28%, of the Purchase Price of all the Equipment and the amount of funds advanced by the Note Purchaser shall be increased by a corresponding amount. It is contemplated that the Participation Agreement will provide that the Notes will be secured by an assignment of the Lessor's right, title and interest in and to this Lease and any Permitted Subleases (as hereinafter defined) and in and to the Equipment pursuant to a Security Agreement-Trust Deed dated as of November 1, 1986 (the "Security Agreement") from the Lessor to the Security Trustee. Capitalized terms not otherwise defined herein shall have the meanings specified in the Participation Agreement.

SECTION 1. LEASE AND DELIVERY OF EQUIPMENT.

1.1. Intent to Lease. The Lessor shall lease to the Lessee and the Lessee shall lease from the Lessor all Items of Equipment which are delivered and accepted pursuant to Section 1.2 hereof, for the rental and on and subject to the terms and conditions herein set forth.

1.2. Inspection and Acceptance. On the First Closing Date with respect to any Item of Equipment, whether or not any such Item has heretofore been delivered to and accepted by the Lessee, the Lessee shall cause an inspector (who may be an employee of the Lessee) designated and authorized by the Lessee to inspect the same, and, if such Item of Equipment is found to be in good order and condition in accordance with the requirements of Section 1.3 hereof, the Lessee shall accept such Item of Equipment hereunder by executing and delivering to the Lessor thereof a Certificate of Acceptance (the "Certificate of Acceptance") in the form attached hereto as Schedule B with respect to such Item of Equipment; provided, however, that the Lessee shall not accept and the Lessor shall have no obligation to lease any Item of Equipment delivered after November 28, 1986.

1.3. Certificate of Acceptance. The Lessee's execution and delivery of a Certificate of Acceptance with respect to an Item of Equipment pursuant to Section 1.2 hereof shall conclusively establish that, as between the Lessor and the Lessee, but without limiting or otherwise affecting the Lessee's or the Lessor's rights, if any, against the manufacturer thereof, such Item of Equipment is acceptable to and accepted by the Lessee under this Lease, notwithstanding any defect with respect to design, manufacture, condition or in any other respect, and that such Item of Equipment is in good order and condition and conforms to the specifications applicable thereto and to all applicable United States Department of Transportation and Interstate Commerce Commission requirements and specifications, if any, and to all standards recommended by the Association of American Railroads

applicable to new railroad equipment of the character of the Equipment as of the date of this Lease. By execution and delivery of such Certificate of Acceptance, the Lessee represents that it has no knowledge of any such defect.

SECTION 2. RENTALS AND PAYMENT DATES.

2.1. Rent for Equipment. The Lessee agrees to pay the following rent for each Item of Equipment:

(a) Fixed Rental. For each Item of Equipment, the Lessee shall pay to the Lessor 40 semiannual installments of fixed rental (the "Fixed Rental"), payable in arrears as set forth in Schedule G;

(b) Supplemental Rent. As supplemental rent hereunder (the "Supplemental Rent"), the Lessee shall pay to the person entitled to receive the same an amount equal to all amounts, liabilities and obligations (other than Fixed Rental) which the Lessee is obligated to pay under the Operative Agreements to the Lessor or others, including, without limitation, the Termination Value and Casualty Value Payments and any Special Supplemental Rent pursuant to Section 2.1(c); and

(c) Special Supplemental Rent. As special supplemental rent hereunder with respect to each Item of Equipment, Lessee shall pay Lessor on demand on or after January 1, 1987 an amount equal to .017093% of the Purchase Price of such Item of Equipment for each day from and including the First Closing Date with respect to such Item to but not including January 1, 1987.

2.2. Rent Payment Dates. The basic term of this Lease shall begin on January 1, 1987 (the "Term Lease Commencement Date"), and shall end on January 1, 2007 (the "Basic Lease Term"). The first installment of Fixed Rental for each Item of Equipment shall be due and payable on July 1, 1987 and the balance of said installments shall be payable at six month intervals thereafter with the final such installment payable 20 years following the Term Lease Commencement Date. Each payment of Supplemental Rent shall be due and payable on the date on which the related fees and expenses are due and payable. If any of the rent payment dates is not a business day, the rent payment otherwise payable on such date shall be payable on the next succeeding business day. For purposes of this Lease, the term "business day" means calendar days, excluding Saturdays, Sundays and holidays on which banks in the States of Illinois, Oregon or Maryland are authorized or required to close.

2.3. Place and Manner of Rent Payment. The payments to be made by the Lessee under this Lease shall be made as follows:

(a) Each installment of Fixed Rental shall be paid to the Lessor by wire transfer to the principal office of the Lessor at the address thereof provided for payments in Section 22.1 hereof; provided that in the event either the Lessor or the Security Trustee shall notify the Lessee in writing that the right to receive payment of such installment shall have been assigned in accordance with Section 16 hereof, the Lessee shall make such payment by wire transfer to the place designated in such notice or as otherwise designated from time to time in writing by such assignee; and provided further that in the event such notice shall direct the Lessee to divide such installment into not more than two portions and to pay each portion by wire transfer separately to not more than two parties, the Lessee agrees to do so;

(b) The entire amount of any payment of Casualty Value pursuant to Section 11 hereof or Early Termination Value or Optional Termination Value pursuant to Section 19 hereof shall be paid to the Lessor by wire transfer to the principal office of the Lessor at the address thereof provided for payments in Section 22.1 hereof (identifying the same as a payment of Casualty Value, Early Termination Value or Optional Termination Value, as the case may be, relating to GATC No. 86-2); provided that in the event either the Lessor or the Security Trustee shall notify the Lessee in writing that the right to receive payment of such Casualty Value, Early Termination Value or Optional Termination Value shall have been assigned in accordance with Section 16 hereof, the Lessee shall make such payment by such wire transfer in the manner designated in such notice or as otherwise designated from time to time in writing by such assignee;

(c) The amount of any payment owing to the Lessor or the Trustor pursuant to Sections 6, 11.1 (with respect to public liability insurance) and 22.2 hereof shall be made directly to the party to receive the same without regard to the assignment of this Lease pursuant to Section 16 hereof;

(d) The amount of any interest due in respect of the late payment of any rentals or other amounts pursuant to Section 19 hereof shall be paid to the party and in the manner herein provided to receive said rental or other amount; and

(e) All payments other than those above specified shall be made by the Lessee directly to the party to receive the same unless any such payment has previously been made by the Lessor or its assignee, in which case the Lessee shall reimburse the Lessor or its assignee, as the case may be, directly for such payment.

The Lessee agrees that it will cause those payments due hereunder by wire transfer where specified above to be so wired as soon as practicable after the opening of business in Chicago, Illinois on the due date of such payment of Federal or otherwise immediately available funds to the party to whom such payment is to be made, and where not so specified, such payment shall be made by check of the Lessee drawn on a bank located in the continental United States and mailed to the party to receive the same at the address herein provided or at such other address as the Lessee shall have been previously advised in writing.

2.4. Net Lease; Non-Terminability. This Lease is a net lease, and it is intended that the Lessee shall pay all costs and expenses of every character, whether seen or unforeseen, ordinary or extraordinary or structural or non-structural, in connection with the use, operation, maintenance, repair and reconstruction of the Equipment by the Lessee, including the costs and expenses particularly set forth in this Lease. The Fixed Rental and Supplemental Rent which the Lessee is obligated to pay shall be paid without notice or demand and without set-off, counterclaim, abatement, suspension, deduction or defense. Except as otherwise expressly provided, this Lease shall not terminate, nor shall the Lessee have any right to terminate this Lease or be entitled to abatement, suspension, deferment or reduction of any Rent which the Lessee is obligated to pay hereunder, nor shall the obligations hereunder of the Lessee be affected, by reason of (A) any damage to or the destruction or loss of all or any portion of the Equipment from whatever cause, (B) the loss or theft of any portion of the Equipment, (C) the taking of the Equipment or any portion thereof by condemnation, confiscation, requisition or otherwise, (D) the prohibition, limitation or restriction of the Lessee's use of all or any part of the Equipment, or the interference with such use by any Person, (E) the inadequacy or incorrectness of the description of any portion of the Equipment, (F) the Lessee's acquisition or ownership of all or any part of the Equipment otherwise than pursuant to an express provision of this Lease, (G) any defect in compliance with specifications, condition, merchantability, design, quality, durability, operation or fitness for use or any purpose of the Equipment or any portion thereof, (H) any defect in the title to, or the existence of any liens or rights of others whatsoever with respect to, the Equipment or any portion thereof, (I) any insolvency, bankruptcy, reorganization or similar proceedings by or against the Lessee, (J) any breach, default or misrepresentation by the Owner Trustee, any Participant or the Security Trustee under this Lease or any of

the documents referred to herein or (K) any invalidity or unenforceability, in whole or in part, of this Lease or any of the documents referred to herein, or any other infirmity herein or therein, or any lack of power or authority of any party to this Lease or any such documents to enter into the same, it being the intention of the parties hereto that the obligations of the Lessee shall be absolute and unconditional and shall be separate and independent covenants and agreements and shall continue unaffected unless and until the covenants have been terminated pursuant to an express provision of this Lease. The Lessee covenants that it will remain obligated under this Lease in accordance with its terms and will take no action to terminate, rescind or avoid this Lease, notwithstanding any bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution, winding-up or other proceeding affecting the Owner Trustee or the Trustor or any assignee of the Owner Trustee or the Trustor or any other action with respect to this Lease which may be taken in any such proceeding by any trustee or receiver of the Owner Trustee or of any assignee of the Owner Trustee or by any court or any of the foregoing actions which may be taken by or against any of the Owner Trustee's predecessors in interest in the Equipment. Except as expressly provided herein, the Lessee waives all rights now or hereafter conferred by law (x) to quit, terminate, rescind or surrender this Lease or the Equipment or any part thereof, or (y) to any abatement, suspension, deferment, return or reduction of the Rent. Each payment of Rent by the Lessee to the Owner Trustee shall be final as between the Lessee and the Owner Trustee for any reason whatsoever except manifest error.

2.5. Adjustment of Rentals. The installments of Fixed Rental and the Casualty Value, Early Termination Value and Optional Termination Value tables attached hereto as Schedules G, D, E and F), respectively, have been calculated on the assumptions that:

(i) Items of Equipment having a Purchase Price equal to the amounts set forth below shall have been or shall be delivered and accepted and settled for pursuant to the Participation Agreement on the following dates:

<u>Delivery and Closing Date</u>	<u>Purchase Price</u>	<u>Number of Items of Equipment</u>
November 14, 1986	\$3,586,062	79

(ii) No change in any tax law, regulation or tax rate shall be enacted during the term of the 99th Congress (other than a minimum tax on tax preferences) which alters, eliminates or adversely affects any of the Tax Benefits (as defined in the Tax Indemnification Agreement) or the tax assumptions referred to in Section 2 of the Tax Indemnity Agreement;

(iii) The Notes bear interest at 9.7% per annum computed on the basis of a 360-day year of twelve 30-day months, and payments of principal and interest on the Notes will be made semiannually;

(iv) The aggregate of all fees and expenses listed in Section 2.6 of the Participation Agreement equal .5% of the Purchase Price of the Equipment;

(v) The Note Purchaser has fully funded the amount and percentage of Purchase Price it is required to fund on each Closing Date;

(vi) Items of Equipment will be eligible for full investment tax credit to the Trustor in the same manner and in the same amounts as originally contemplated by the Trustor in making such calculations and as more particularly set forth in Schedule A hereto; and

(vii) No special supplemental rent will be required to be paid pursuant to Section 2.1(c) hereof.

If any such assumption shall prove to be incorrect, then the Trustor acting in good faith shall, prior to the first payment of Fixed Rental, recompute such installments of Fixed Rental and the Casualty Value, Early Termination Value and Optional Termination Value tables higher or lower in order to provide the Trustor with a return equal to the Trustor's Economic Return; provided, that such adjustments shall comply with the Guidelines (as hereinafter defined) and any other published or announced position of the Internal Revenue Service; and provided, further, that each installment of Fixed Rental shall be in an amount sufficient to pay on each installment date the principal of, and interest on, the Notes due on such date without acceleration, and the Casualty Value, Early Termination Value and Optional Termination Value as of any date shall be sufficient to pay the aggregate unpaid principal amount of, and interest and premium, if any, on, the Notes outstanding as of such date. Such recomputation shall be based upon the assumptions and methods of calculation utilized by the Trustor in computing the amounts thereof originally set forth in this Lease and in determining Trustor's Economic Return. On or before the first payment of Fixed Rental, the Lessor and the Lessee shall execute and deliver a Lease Supplement, substantially in the form of Schedule C hereto, reflecting any revisions to the percentages set forth in Schedule G hereto and to Schedules D, E and F hereof. The term "Guidelines" as used herein shall mean the guidelines set forth in Revenue Procedure 75-21, 1975-1 C.B. 715, as further set forth in Revenue Procedure 75-28, 1975-1 C.B. 752, and as modified in Revenue Procedure 76-30, 1976-2 C.B. 647 and Revenue Procedure 79-48, 1979-2 C.B. 529 that are applied by the Internal Revenue Service in determining, for advance ruling

purposes, whether leveraged lease transactions (other than transactions which are treated as leases pursuant to Section 168(f)(8) of the Code) are leases for Federal income tax purposes.

SECTION 3. TERM OF THE LEASE.

The term of this Lease as to each Item of Equipment shall begin on the date of the delivery to and acceptance by the Lessee of such Item of Equipment and, subject to the provisions of Sections 11, 14 and 19 hereof, shall terminate 20 years following the Term Lease Commencement Date.

SECTION 4. OWNERSHIP AND MARKING OF EQUIPMENT.

4.1. Retention of Title. The Lessor, as between the Lessor and the Lessee, shall and hereby does retain full legal title to the Equipment notwithstanding the delivery thereof to and possession and use thereof by the Lessee or any Sublessee under any Permitted Sublease.

4.2. Duty to Number and Mark Equipment. The Lessee will cause each Item of Equipment to be kept numbered with its identifying number as set forth in Schedule A hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting color upon each side of each Item of Equipment in letters not less than one inch in height as follows:

"TITLE TO THIS CAR IS VESTED IN A TRUSTEE
UNDER AN EQUIPMENT TRUST AGREEMENT RECORDED
UNDER SECTION 11303 (FORMERLY 20C) OF THE
INTERSTATE COMMERCE ACT OR VESTED IN ANOTHER
PERSON OR ENTITY AND SO RECORDED."

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to such Item of Equipment, its rights under this Lease and the rights of any assignee under Section 16 hereof. The Lessee will replace promptly any such names and word or words which may be removed, obliterated, defaced or destroyed. The Lessee will not change the identifying number of any Item of Equipment unless and until (i) a statement of new identifying numbers to be substituted therefor shall have been delivered to the Lessor, the Trustor and the Security Trustee by the Lessee and filed, recorded or deposited in all public offices where this Lease shall have been filed, recorded or deposited and (ii) the Lessee shall have furnished the Security Trustee, the Trustor and the Lessor an opinion of counsel to the effect that such statement has been so filed, recorded and deposited, such filing,

recordation and deposit will protect the Security Trustee's and the Lessor's interests in such Equipment and no filing, recording, deposit or giving of notice with or to any other federal, state or local government or agency thereof is necessary to protect the interests of the Security Trustee and the Lessor in such Equipment while operating in any jurisdiction wherein the Security Agreement or any instrument in respect thereof has been or is required to be filed, registered, deposited or recorded as provided in the Security Agreement. The Lessor agrees to execute all amendments hereto necessary to accomplish such filings, recordings and deposits.

4.3. Prohibition Against Certain Designations. Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates or any sublessees under Permitted Subleases on railroad equipment used by any of them of the same or a similar type for convenience of identification of the right of the Lessee to use the Equipment under this Lease or of any sublessee to use the Equipment under any Permitted Sublease.

SECTION 5. DISCLAIMER OF WARRANTIES.

THE LESSEE ACKNOWLEDGES AND AGREES THAT (i) EACH ITEM OF EQUIPMENT IS OF A SIZE, DESIGN, CAPACITY AND MANUFACTURE SELECTED BY AND ACCEPTABLE TO THE LESSEE, (ii) THE LESSEE IS SATISFIED THAT EACH ITEM OF EQUIPMENT IS SUITABLE FOR ITS PURPOSES, (iii) THE OWNER TRUSTEE IS NOT A MANUFACTURER OR A DEALER IN PROPERTY OF SUCH KIND, (iv) EACH ITEM OF EQUIPMENT IS LEASED HEREUNDER SUBJECT TO ALL APPLICABLE LAWS AND GOVERNMENTAL REGULATIONS NOW IN EFFECT OR HEREAFTER ADOPTED AND IN THE STATE AND CONDITION OF EVERY PART THEREOF WHEN THE SAME FIRST BECAME SUBJECT TO THIS LEASE, WITHOUT REPRESENTATION OR WARRANTY OF ANY KIND BY THE OWNER TRUSTEE, AND (v) AS BETWEEN THE OWNER TRUSTEE AND THE LESSEE, THE OWNER TRUSTEE AND EACH PARTICIPANT EXPRESSLY DISCLAIM ANY WARRANTY, EXPRESS OR IMPLIED, AS TO (A) THE TITLE, CONDITION, FITNESS FOR USE FOR A PARTICULAR PURPOSE, DESIGN, OPERATION OR MERCHANTABILITY THEREOF, (B) THE ABSENCE OF LATENT OR OTHER DEFECTS WHETHER OR NOT DISCERNIBLE, (C) THE ABSENCE OF AN INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT, (D) THE ABSENCE OF ANY OBLIGATION BASED ON STRICT LIABILITY IN TORT, (E) THE OWNER TRUSTEE'S TITLE THERETO, (F) THE LESSEE'S RIGHT TO THE QUIET ENJOYMENT THEREOF (EXCEPT THAT THE OWNER TRUSTEE AGREES NOT TO WRONGFULLY INTERFERE WITH THE LESSEE'S QUIET ENJOYMENT THEREOF), OR (G) ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE OWNER TRUSTEE AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE. THE PROVISIONS OF THIS SECTION 5 HAVE BEEN NEGOTIATED BY THE OWNER TRUSTEE AND LESSEE AND

ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY REPRESENTATIONS OR WARRANTIES OF THE OWNER TRUSTEE, EXPRESS OR IMPLIED, WITH RESPECT TO EACH ITEM OF EQUIPMENT, THAT MAY ARISE PURSUANT TO ANY LAWS NOW OR HEREAFTER IN EFFECT, OR OTHERWISE; PROVIDED, HOWEVER, THAT THE FOREGOING SHALL NOT LIMIT OR OTHERWISE NEGATE THE REPRESENTATIONS AND WARRANTIES OF THE OWNER TRUSTEE IN SECTIONS 3.1, 3.3(A) AND 3.3(E) OF THE PARTICIPATION AGREEMENT. The Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce, from time to time, in the name and for the account of the Lessor and the Lessee, as their interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have as owner of the Equipment against the manufacturer thereof, provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Item of Equipment or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Item of Equipment or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Item of Equipment. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that all Items of Equipment described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

SECTION 6. LESSEE'S INDEMNITY.

The Lessee shall defend, indemnify and save harmless the Lessor and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Security Trustee and the Note Purchaser) and their respective successors and assigns as set forth in Section 7 of the Participation Agreement.

SECTION 7. REPLACEMENTS, ALTERATIONS, MODIFICATIONS AND ADDITIONS.

7.1. Replacements. The Lessee shall bear the risk of damage, loss, theft or destruction, partial or complete, of the Items of Equipment from whatsoever source arising (whether or not any insurance proceeds are payable in respect of, or are sufficient to cover, such damage, loss, theft or destruction) and

any and all replacements, repairs or substitutions of parts of the Items of Equipment shall be at the cost and expense of the Lessee and shall constitute accessions thereto and title thereto shall vest and remain in the Lessor. The Lessee, at its own cost and expense, will within a reasonable time replace all appliances, parts, instruments, appurtenances, accessories or other equipment of whatever nature which may from time to time be a part of or installed on or attached to the Items of Equipment and which may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use for any reason whatsoever. All such replacement appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment shall be free and clear of all liens, encumbrances and rights of others and shall be in as good operating conditions as, and shall have a value and utility at least equal to the property replaced if such property were in the condition and repair required to be maintained by the terms hereof. All such replacement property shall become the property of the Owner Trustee and shall immediately become subject to this Lease and shall be deemed part of the Equipment for all purposes hereof to the same extent as the property originally comprising, or installed on, the Equipment; but the property replaced thereby shall no longer be the property of the Owner Trustee and all right, title and interest of the Owner Trustee therein shall pass to the Lessee.

7.2. Alterations, Modifications and Additions. Lessee, at its own expense, will make (or cause to be made) such alterations and modifications in and additions to the Equipment as may be required from time to time to meet the applicable standards of the Association of American Railroads or the Department of Transportation or any other governmental agency having jurisdiction over the Equipment or any Item thereof in order to comply with Section 8 hereof. In addition, Lessee, at its own expense, may from time to time make such alterations and modifications in and additions to the Equipment as Lessee may deem desirable in the proper conduct of its business; provided that no such alteration, modification or addition shall diminish the value or utility of the Equipment, or impair the condition thereof, below the value, utility or condition thereof immediately prior to such alteration, modification or addition assuming the Equipment was then of the value and utility and in the condition required to be maintained by the terms of this Lease Agreement. Title to all parts incorporated or installed in or attached or added to an Item of Equipment as the result of such alteration, modification or addition shall, without further act, vest in Owner Trustee. Notwithstanding the foregoing sentence, Lessee may, at any time during the Term, so long as no Event of Default or event which with the passage of time or notice, or both, would constitute an Event of Default shall have occurred and be continuing, remove or suffer to be removed any part, provided that such part (i) is in addition to, and not in replacement of or substitution for (x) any

part originally incorporated or installed in or attached to an Item of Equipment, or (y) any part in replacement of or substitution for any such part, (ii) is not required to be incorporated or installed in or attached or added to an Item of Equipment pursuant to the terms of this Section 7 or Section 8, and (iii) can be removed from the Item of Equipment without resulting in material damage thereto and without diminishing or impairing the value, utility or condition which the Item of Equipment would have had at such time had such alteration, modification or addition not occurred, assuming the Item of Equipment was then of the value and utility and in the condition required to be maintained by the terms of this Lease Agreement. Upon the removal by Lessee of any part as provided above, title thereto shall, without further act, vest in Lessee and such part shall no longer be deemed part of the Item of Equipment from which it was removed. Any part not removed by Lessee (or any Sublessee) as above provided prior to the return of the Equipment to Owner Trustee hereunder shall remain the property of Owner Trustee.

SECTION 8. MAINTENANCE; USE.

8.1. Maintenance and Servicing. The Lessee, at its own cost and expense, shall: (i) service, repair, maintain, test and overhaul each Item of Equipment so as to keep such Item of Equipment in as good operating condition as and when delivered to the Lessee hereunder, ordinary wear and tear excepted, and so as to comply with each of the following standards:

(a) to keep such Equipment in compliance with all governmental laws, regulations requirements and rules limiting, without limitation, the rules of the United States Department of Transportation, the Interstate Commerce Commission and the current Interchange Rules or supplements thereto of the Mechanical Division, Association of American Railroads as the same, may be in effect from time to time (the "Interchange Rules") with respect to the use and maintenance of each Item of Equipment subject to this Lease;

(b) to keep the Equipment maintained and improved in conformity with any manufacturer's service bulletins, manuals or instruments; and

(c) to keep the Equipment maintained in at least the same manner and with the same care as used by Lessee with similar Equipment owned by or operated for or by Lessee;

(ii) maintain all records, logs and other materials required by the Association of American Railroads or the Department of

Transportation, or any other governmental authority having jurisdiction over any Item of Equipment or the Lessee, to be maintained in respect of each Item of Equipment; and (iii) properly furnish to the Owner Trustee such information as may be required to be filed with any governmental authority because of the Owner Trustee's interest in any Item of Equipment.

8.2. Operation of Equipment. The Lessee agrees with respect to each Item of Equipment to use or cause to be used such Item of Equipment in compliance with each applicable law, treaty or statute or any rule, regulation or order of any government or governmental authority having jurisdiction (domestic or foreign), including, without limitation the Interchange Rules, and not to violate any certificate, license or registration relating to any Item of Equipment issued by any such authority, or to use such Item of Equipment contrary to any manufacturer's operating manual, instruction or service bulletins relating to such Item of Equipment; provided, however, that the Lessee shall not be deemed in default of its obligations under this Section 8.2 in the event that the application or enforcement of any such treaty, statute, rule, regulation or order, or violation of such certificate, license or registration, (i) has been waived by the governmental authority having jurisdiction, or (ii) is being contested in good faith by or on behalf of the Lessee in an appropriate proceeding which has the practical effect of staying such application or enforcement.

SECTION 9. LIENS ON THE EQUIPMENT.

The Lessee shall pay or satisfy and discharge any and all claims against, through or under the Lessee and its successors or assigns which, if unpaid, might constitute or become a lien or a charge upon any Item of Equipment, and any liens or charges which may be levied against or imposed upon any Item of Equipment as a result of the failure of the Lessee to perform or observe any of its covenants or agreements under this Lease and any other liens or charges which arise by virtue of claims against, through or under any other party other than the Lessor and the Trustor, which are unrelated to the transactions contemplated by the Operative Agreements, but the Lessee shall not be required to pay or discharge any such claims so long as it shall, in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Lessor or the security interest or other rights of any assignee under Section 16 hereof in and to the Equipment. The Lessee's obligations under this Section 9 shall survive the termination of this Lease.

SECTION 10. FILING.

Prior to the delivery and acceptance of the first Item of Equipment hereunder, the Lessee will cause this Lease and the Security Agreement to be duly filed, registered or recorded with the Interstate Commerce Commission in accordance with Section 11303 of the Interstate Commerce Act and in such other places within or without the United States as the Lessor or the Security Trustee may reasonably request and will furnish the Lessor and the Security Trustee proof thereof. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, reregister or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Security Trustee (including, without limitation, all such acts required pursuant to Sections 6.10 and 6.11 of the Security Agreement), for the purpose of protecting the Lessor's title to, or the Security Trustee's security interest in, any Item of Equipment to the satisfaction of the Lessor or the Security Trustee or their respective counsel or for the purpose of carrying out the intentions of this Lease, and in connection with any such action, will deliver to the Lessor and the Security Trustee proof of such filings and an opinion of the Lessee's counsel reasonably satisfactory to the Lessor and the Security Trustee that such action has been properly taken. The Lessee will pay all costs, charges and expenses incident to any such filing, refiling, recording and rerecording or depositing and redepositing of any such instruments or incident to the taking of such action.

SECTION 11. INSURANCE; PAYMENT FOR CASUALTY OCCURRENCE.

11.1. (a) General Public Liability and Property Damage Liability Insurance. At all times during the Lease term, the Lessee will carry, at its own expense, third party general liability insurance against bodily injury, death and property damage, including, without limitation, contractual liability and products liability insurance arising out of the use or operation of the Equipment during the Lease term in an amount not less than the amount of such insurance as is applicable from time to time to similar equipment which may at any time during the Lease term comprise the Lessee's rail car fleet, but in no event less than \$50,000,000 for any one accident, or series of accidents arising out of any one event, with respect to the Equipment (including parts from time to time affixed or appurtenant to such Equipment and not belonging to the Lessor or the Lessee). The Lessee shall be required to increase its liability limit in excess of said \$50,000,000 if at any time such increase is commercially reasonable and available at a commercially reasonable price. Any such liability insurance policy may be subject to a deductible in an amount not to exceed \$2,500,000. Each liability policy (1) shall be primary without right of contribution from any other

insurance which is carried by the Trustor, the Lessor or the Security Trustee, and (2) shall expressly provide at all of the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured.

The Lessee shall be deemed to be in compliance with the liability insurance provisions of this Section 11.1 so long as the liability insurance carried by or on behalf of the Lessee hereunder otherwise complying with the provisions of this Section 11.1 names the Trustor, the Lessor and the Security Trustee as insureds (whether or not the Lessee is also named as an insured thereunder).

If at the end of any fiscal year the Lessee's net worth, based on its annual audit, is less than \$250,000,000, the Lessee shall give the Lessor notice thereof on or before March 31 of the following year, and the Lessee shall thereafter increase its liability coverage over \$50,000,000 by one-half times the amount by which such net worth is below \$250,000,000. If the Lessee does not obtain the additional liability insurance coverage required in the preceding sentence by April 30 of such following year, and the Lessor thereafter as a result of such failure gives notice of such default under Section 14.1 hereof or elects to exercise remedies as a result thereof under Section 14.2 hereof, then the Lessee shall have the option either (x) to exercise the early termination provisions set forth in Section 19.4 of this Lease, or (y) to obtain the guarantee of the general indemnity obligations of the Lessee under Section 7(b) of the Participation Agreement in favor of the Indemnified Parties from an affiliate of the Lessee; provided that such guaranty shall be in form and substance satisfactory to the Lessor and that the aggregate net worth of such affiliate and the Lessee shall be in excess of \$250,000,000. The Lessor shall be deemed to have waived the requirement in the first sentence of this paragraph until it has given the Lessee the notice or made the election required by this paragraph.

(b) Insurance Against Loss or Damage to the Equipment. At all times during the Lease term, the Lessee shall maintain in effect, at its own expense, "all-risks" property insurance covering all Items of Equipment; provided, that such insurance shall at all times while this Lease is in effect be for an amount not less than \$5,000,000 per accident, based upon AAR values. Each such policy (1) shall be primary without right of contribution from any other insurance which is carried by the Trustor, the Lessor or the Security Trustee, and (2) shall expressly provide that all of the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured. Lessee may self-insure, by way of deductible or premium adjustment provisions in insurance policies the risks required to be insured against in this Section 11(b) in an amount equal to \$500,000.

(c) General Provisions. All insurance carried in accordance with this Section 11.1 shall be placed with insurers of recognized reputation and responsibility reasonably satisfactory to the Lessor and the Security Trustee, shall be in full force and effect throughout any geographical areas at any time traversed by any Item of Equipment, shall be payable in dollars in the United States and in any event shall be in an amount customary for Persons similarly situated to the Lessee and of a type usually carried by Persons engaged in the same or similar business, similarly situated with the Lessee and owning or operating similar equipment, and which cover risks of the kind customarily insured by such Persons. Any policies carried in accordance with this Section 11.1 and any policies taken out in substitution or replacement for any such policies: (i) shall name the Trustor, the Lessor (individually and as trustee), as owner of such Equipment, and the Security Trustee, as additional insureds as their respective interests may appear; (ii) shall be made payable, in the case of policies covering loss or damage to the Equipment, to the Security Trustee as long as any Note is outstanding, and thereafter to the Lessor, except that such policies may provide that payment for any loss or damage not exceeding \$500,000 in aggregate per occurrence may be paid solely to the Lessee provided no Event of Default or event which with the passage of time or notice, or both, would constitute an Event of Default has occurred and is continuing, which amount the Lessee shall hold in trust for purposes of completing repairs required hereunder; (iii) shall provide that if such insurance is cancelled or materially changed for any reason whatsoever, or is allowed to lapse for non-payment of premium, such cancellation, change or lapse shall not be effective as to the Trustor, the Lessor or the Security Trustee for thirty (30) days after receipt by the Trustor, the Lessor and the Security Trustee of written notice by such insurers of such cancellation or lapse or of any material change in policy terms and conditions; (iv) shall provide, in the case of policies covering loss or damage to the Equipment, that losses shall be adjusted with the Lessee, subject to the approval of the Lessor and the Security Trustee if the insured loss from any one occurrence equals or exceeds \$500,000; (v) shall provide that in respect of the interest of the Trustor, the Lessor and the Security Trustee in such policies the insurance shall not be invalidated by any action or inaction of the Lessee or any other Person (other than the Trustor, the Lessor or the Security Trustee, as the case may be, and then only as against such Person) and shall insure the Trustor, the Lessor and the Security Trustee regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by the Lessee or any other Person (other than by the Trustor, the Lessor or the Security Trustee, as the case may be, and then only as against such Person); (vi) shall provide that the Lessor, Trustor, the Note Purchaser and the Security Trustee shall have no obligation or liability for premiums in connection with such

insurance and (vii) shall waive any right of subrogation of the insurers against the Lessor, the Trustor, the Note Purchasers and the Security Trustee, and except for salvage rights (with respect to policies covering loss or damage to the Equipment), shall waive the right of the insurers to set-off, to counter claim or to any other deduction, whether by attachment or otherwise, in respect of any liability of any of the foregoing named parties to the extent of any moneys due to any of such parties.

(d) Application of Proceeds. As between the Lessor and the Lessee, it is agreed that all insurance proceeds under policies required hereby received as the result of a Casualty Occurrence with respect to any Item of Equipment shall be paid to the order of the Lessee; provided, the Lessee shall have fully performed the terms of Section 11.3 with respect to the Casualty Occurrence for which such proceeds are paid and no Event of Default or event which with the passage of time or notice, or both, would constitute an Event of Default exists hereunder. The proceeds of any insurance received by the Lessor or the Security Trustee on account of or for any loss not constituting a Casualty Occurrence with respect to any Item of Equipment shall be released to the Lessee upon an Officers' Certificate of the Lessee applying for the payment of, or to reimburse the Lessee for the payment of, the costs of repairs and replacement parts (which Officers' Certificate shall be accompanied by satisfactory evidence of such cost and evidence of good title to such replacement parts in the Lessor and a statement (i) that such repairs have been completed, and (ii) that there is no Default or Event of Default) and any balance remaining shall be paid to the Lessee; provided, that if the Lessee is at the time of such application or payment in default in the payment of any other liability of the Lessee to the Lessor hereunder, such proceeds shall be applied against such liability. The proceeds of any public liability insurance shall be paid directly to the insured entitled thereto.

(e) Reports, Etc. On each Closing Date and on each October 1 thereafter the Lessee will furnish to the Trustor, the Lessor and the Security Trustee a report from the Lessee's insurance broker describing in reasonable detail the insurance then carried and maintained on the Equipment, certifying that such insurance complies with the terms of this Section 11.1. The Lessee will advise the Trustor, the Lessor and the Security Trustee in writing promptly of any default in the payment of any premium and of any other act or omission on the part of the Lessee which might invalidate or render unenforceable, in whole or in part, any insurance carried and maintained on the Equipment pursuant to this Section 11.1. In the event that the Lessee shall fail to maintain insurance as herein provided, the Lessor may at its sole option provide such insurance and, in such event, the Lessee shall thereupon reimburse the Lessor, as Supplemental Rent, for the cost thereof; provided, that no exercise by the Lessor of such option shall affect the provisions of this Lease, including the provisions that failure by the Lessee to maintain the prescribed insurance shall constitute an Event of Default.

Nothing in this Section 11.1 shall be deemed to obligate the Lessor or any Participant to verify the existence or adequacy of any insurance or require the Lessor or Trustor to maintain any insurance.

(f) Insurance for Own Account. Nothing in this Section 11.1 shall prohibit the Lessor or the Trustor from obtaining insurance for its own account and any proceeds payable thereunder shall be payable as provided in the insurance policy relating thereto; provided, that no such insurance may be obtained which would limit or otherwise adversely affect the coverage of any insurance required to be obtained or maintained by the Lessee pursuant to this Section 11.1, it being understood that all salvage rights to the Equipment shall remain with the Lessee's insurers at all times.

(g) Certain Rights of the Lessee. In the event that (i) the Lessee is unable to obtain the liability insurance required by Section 11.1(a) on commercially reasonable terms, as evidenced by a letter from an independent insurance broker to that effect and (ii) the Lessor is unwilling to waive such default, then so long as such default is continuing the Lessor agrees (x) to give the Lessee not less than 5 days notice prior to obtaining insurance on behalf of the Lessee under Section 11.1(e) above without having the Lessee's prior agreement to the terms of such insurance, and (y) that provided notice of Lessee's inability to obtain such insurance was given promptly to the Lessor, no Event of Default pursuant to Section 14.1(h) hereof shall occur as a result thereof unless such default continues for 5 days after written notice from the Lessor to the Lessee demanding that such default be remedied. Upon receipt of such a notice from the Lessor under the preceding sentence, the Lessee shall have the option for a period of 5 days thereafter upon notice to the Lessor to elect to purchase the Equipment and assume the Notes in accordance with the provisions of Section 19.4 hereof.

11.2. Duty of Lessee to Notify Lessor. In the event that any Item of Equipment shall be or become lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged during the term of this Lease or thereafter while such Item of Equipment is in the possession of the Lessee pursuant to Section 13 or 15 hereof, or shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise during the term of this Lease for a stated period which, in the case of a taking by the United States, exceeds the then remaining term of this Lease and in all other cases exceeds 180 days (any such occurrence being hereinafter called a "Casualty Occurrence" and the taking of any Item of Equipment which is requisitioned or taken over by any governmental authority under the power of eminent domain is hereinafter called a "Governmental Taking"), the Lessee shall promptly and fully (after it has knowledge of such Casualty Occurrence) inform the Lessor, the Trustor and any assignee of the Lessor pursuant to Section 16

hereof (including, without limitation, the Security Trustee and the Note Purchaser) in regard thereto and shall pay the Casualty Value (as defined in Section 11.6 hereof) of such Item in accordance with the terms of Section 11.3 hereof.

11.3. Sum Payable for Casualty Loss. The Lessee, on the next succeeding rent payment date following its notice of a Casualty Occurrence with respect to any Item or Items of Equipment, or within 30 days after such notice in respect of any Casualty Occurrence after the expiration of the term of this Lease while such Item of Equipment is in the possession of the Lessee pursuant to Section 13 or 15 hereof, shall pay to the Lessor the Fixed Rental installment, if any, due on such payment date for such Item of Equipment plus any rentals or other sums due on or prior to such date then remaining unpaid plus a sum equal to the Casualty Value of such Item of Equipment as of the date of such payment.

11.4. Rent Termination. Upon (and not until) payment of all sums required to be paid pursuant to Section 11.3 hereof in respect of any Item or Items of Equipment, the obligation to pay Fixed Rental for such Item or Items of Equipment accruing subsequent to the Casualty Value payment date shall terminate, but the Lessee shall continue to pay rent for all other Items of Equipment, but nothing in this Section 11.4 shall relieve the Lessee of its obligations to make payments pursuant to the Tax Indemnity Agreement as a result of a Casualty Occurrence.

11.5. Disposition of Equipment. The Lessee shall, as agent for the Lessor, dispose of such Item or Items of Equipment having suffered a Casualty Occurrence as soon as it is able to do so for the fair market value thereof. Any such disposition shall be on an "as-is", "where-is" basis without representation or warranty, express or implied. As to each separate Item of Equipment so disposed of, so long as no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default shall have occurred and be continuing, the Lessee may retain all amounts arising from such disposition plus any insurance proceeds and damages received by the Lessee by reason of such Casualty Occurrence up to the amount of the Casualty Value attributable thereto which the Lessee has previously paid to the Lessor pursuant to Section 11.3 hereof and (x) in the case of a Casualty Occurrence other than a Governmental Taking, the excess, if any, of such amounts over such Casualty Value shall be paid to the Lessee and (y) in the case of a Casualty Occurrence which is a Governmental Taking, the excess, if any, of such amount over such Casualty Value shall be paid to the Lessor. In disposing of such Item of Equipment, the Lessee shall take such action as the Lessor shall reasonably request to terminate any contingent liability which the Lessor might have arising after such disposition from or connected with such Item of Equipment.

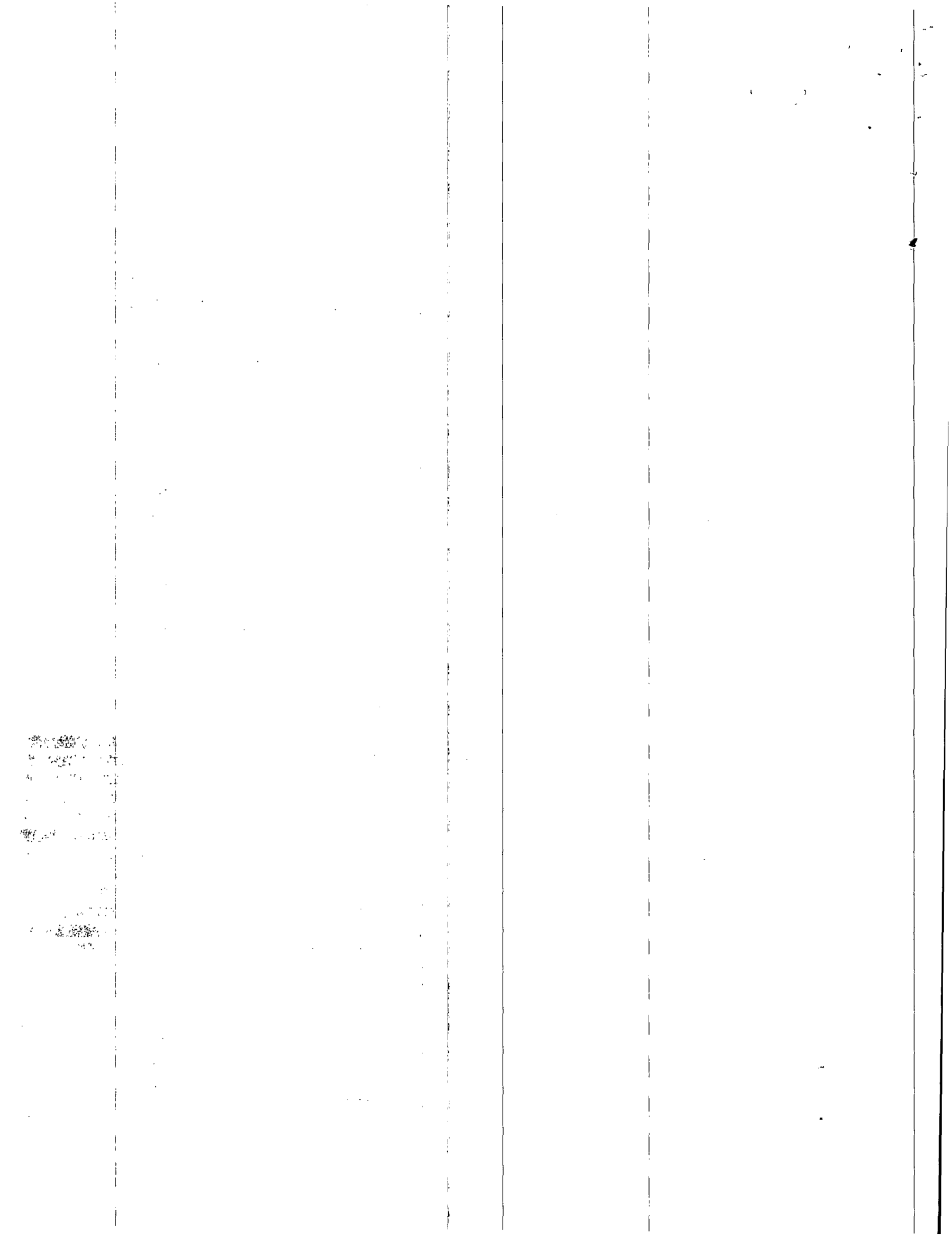
11.6. Casualty Value. The Casualty Value of each Item of Equipment shall be an amount determined as of the date the Casualty Value is paid as provided in this Section 11 (and not the date of the Casualty Occurrence) equal to that percentage of the Purchase Price (as defined in the Participation Agreement) of such Item of Equipment set forth in the Schedule of Casualty Value attached hereto as Schedule D-1, in the case of a Casualty Occurrence in respect of any tank car, or D-2, in the case of a Casualty Occurrence in respect of any airslide hopper car, opposite such date of payment.

11.7. Risk of Loss. The Lessee shall bear the risk of loss and, except as hereinabove in this Section 11 provided, shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any Item of Equipment from and after the date hereof and continuing until payment of the Casualty Value and all rental installments and other sums due hereunder and under the other Operative Agreements on and prior to the date of payment of such Casualty Value in respect of such Item of Equipment has been made, such Item or the salvage thereof has been disposed of by the Lessee and the title to such Item or the salvage thereof and all risk of loss and liabilities incident to ownership have been transferred to the purchaser of such Item or the salvage thereof.

11.8. Eminent Domain. In the event that during the term of this Lease the use of any Item of Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise which does not constitute a Governmental Taking, the Lessee's obligation to pay all installments of rental and other sums shall continue for the duration of such requisitioning or taking. So long as no Event of Default, or event which with the lapse of time or giving of notice, or both, shall have occurred and be continuing, the Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession.

SECTION 12. ANNUAL REPORTS.

12.1. Duty of Lessee to Furnish. On or before May 1, 1987 and on each May 1 thereafter during the term of this Lease, the Lessee will furnish to the Lessor, the Trustor and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Security Trustee and the Note Purchaser) an accurate statement, as of the preceding December 31 (a) showing the amount, description and numbers of the Items of Equipment then leased hereunder, the amount, description and numbers of all Items of Equipment that may have suffered a Casualty Occurrence during the 12 months ending on such December 31 (or since the date of this Lease, in the case of the first such statement), and such



other information regarding the condition or repair of the Equipment as the Lessor may reasonably request, and (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 4.2 hereof shall have been preserved or replaced.

12.2. Lessor's Inspection Rights. The Lessor, the Trustor and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Security Trustee and the Note Purchaser) each shall have the right, at their respective sole cost and expense, by their respective authorized representative, to inspect the Equipment and the Lessee's records with respect thereto, at such time as shall be reasonably necessary to confirm thereto the existence and proper maintenance of the Equipment during the continuance of this Lease.

SECTION 13. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM.

Upon the expiration of the term of this Lease with respect to any Item of Equipment, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Item of Equipment to the Lessor upon such storage tracks of the Lessee as the Lessee may select, and permit the Lessor to store such Item of Equipment on such tracks for a period not exceeding 90 days and transport the same at any time within such 90-day period to any place within the continental United States on any railroad lines or to any connecting carrier for shipment, all as directed by the Lessor upon not less than 15 days' written notice to the Lessee. All movement and storage of each such Item is to be at the risk and expense of the Lessee, and the Lessee agrees to maintain the insurance on such item required by Section 11.1 hereof during such storage period. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Item, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. All amounts earned in respect of the Equipment after the date of expiration of this Lease, but not exceeding the rental, per diem, or other similar charge for equipment received therefor, shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Item of Equipment is not assembled, delivered and stored as hereinabove provided, upon the expiration of this Lease, the Lessee shall, in addition, pay to the Lessor for each day from and after the expiration date of the Lease an amount equal to the amount, if any, by which the higher of (i) an amount equal to the daily equivalent of the rental in effect immediately prior to the expiration of the Lease for such

Item of Equipment, or (ii) the Fair Rental Value (determined in the manner provided in Section 18.3 hereof) for such Item for each such day exceeds the amount, if any, received by the Lessor (either directly or from the Lessee) for such day for such Item pursuant to the preceding sentence. Each Item returned to the Lessor pursuant to this Section 13 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear expected, (ii) meet the standards then in effect for railroad equipment of the same type and age as the Equipment under the Interchange Rules and/or the applicable rules of any governmental agency or other organization with jurisdiction, (iii) have been maintained in accordance with provisions of Section 8 hereof and (iv) have attached or affixed thereto any special device considered an accession thereto as provided in Section 7 or 8 hereof and have removed therefrom any such device not so considered an accession. During any such storage period the Lessee, at its expense, shall maintain the Equipment in such manner as the Lessee normally maintains similar units of railroad equipment owned or leased by it in similar storage circumstances, which maintenance shall in no event be to a standard lower than that required by industry standards. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver, store and transport the Equipment.

SECTION 14. DEFAULT.

14.1. Events of Default. Any of the following events shall constitute an Event of Default hereunder:

(a) Default shall be made in the payment of any part of the rental (including Supplemental Rent), Casualty Value, Early Termination Value, Optional Termination Value or Fair Market Value provided in Section 2, 11 or 19 hereof and such default shall continue for 5 business days;

(b) The Lessee shall make or permit any assignment or transfer of this Lease, or of possession of the Equipment or any portion thereof, not permitted by this Lease;

(c) Default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein, other than the covenant to maintain insurance in accordance with Section 11, and such default shall continue for the earlier of (i) 30 days after written notice from the Lessor to the Lessee, specifying the

default and demanding the same to be remedied, or (ii) 30 days after an officer of the Lessee shall have had actual knowledge of such default; provided, however, that the provisions of this clause (ii) shall not be applicable if the Lessee shall have complied with its obligations under Section 14.5 hereof;

(d) Any representation or warranty made by the Lessee herein or in the Participation Agreement or in any statement or certificate furnished to the Lessor, the Trustor, the Security Trustee or the Note Purchaser pursuant to or in connection with this Lease or the Participation Agreement is untrue in any material respect as of the date of issuance or making thereof;

(e) The Lessee becomes insolvent or fails generally to pay its debts as such debts become due, or causes an order for relief to be entered against it, or acquiesces in the entering of such an order against it, under applicable federal or state bankruptcy law, or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a custodian, trustee or receiver for the Debtor or for the major part of its property;

(f) A custodian, trustee or receiver is appointed for the Lessee or for the major part of its property and is not discharged within 60 days after such appointment;

(g) Bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings for relief under any bankruptcy law or similar law for the relief of debtors, are instituted by or against the Lessee and, if instituted against the Lessee, are consented to or are not dismissed within 60 days after such institution;

(h) The Lessee shall fail to maintain insurance in accordance with Section 11; or

(i) Final judgment or judgments for the payment of money aggregating in excess of \$1,000,000 shall be outstanding against the Lessee and any one of such judgments has been outstanding for more than sixty (60) days from the date of its entry and has not been discharged in full or stayed.

14.2. Remedies. If any Event of Default has occurred and is continuing, the Lessor at its option, may:

(a) Proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the

Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof, including reasonable attorneys' fees; and/or

(b) By notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located and take possession of all or any of the Items of Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use such Items for any purpose whatever, but the Lessor shall nevertheless have a right to recover from the Lessee any and all amounts which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion, shall specify: (x) a sum with respect to each Item of Equipment which represents the excess of the present worth, at the time of such termination, of all rentals for such Item which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease over the then present worth of the then Fair Rental Value of such Item for such period computed by discounting from the end of such term to the date of such termination rentals which the Lessor reasonably estimates to be obtainable for the use of such Item during such period, such present worth to be computed in each case on a basis of a 7% per annum discount, compounded semiannual from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, or (y) an amount equal to the excess if any of the Casualty Value of such Item of Equipment as of the rent payment date on or immediately preceding the date of termination over the amount the Lessor reasonably estimates to be the Fair Market Value thereof at such time; provided, however, that in the event the Lessor shall have sold any Item of Equipment, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (x) and (y) of this part (i) with respect thereto may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor, on the date of such sale,

as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value of such Item of Equipment as of the rent payment date on or immediately preceding the date of termination over the net proceeds of such sale, and (ii) any damages and expenses, other than for a failure to pay Fixed Rental, in addition thereto, including reasonable attorneys' fees, which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease.

For purposes of Section 14.2 above, the Fair Rental Value and Fair Market Value for any Item of Equipment shall be based on the actual condition of the Equipment and be determined in the manner provided for appraisal arrangements specified below; provided that any sale in a commercially reasonable manner of any Item of Equipment prior to any such determination shall conclusively establish the Fair Market Value of such Item and any rental in a commercially reasonable manner of any Item of Equipment prior to any such determination shall conclusively establish the Fair Rental Value of such Item.

The Fair Rental Value or Fair Market Value, as the case may be, of the Items of Equipment shall be based on the actual condition of the Equipment and be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing lessee or buyer, as the case may be, (other than a lessee or buyer, as the case may be, currently in possession) and an informed and willing lessor or seller, as the case may be, under no compulsion to lease or sell, as the case may be. If the Lessor and the Lessee are unable to agree upon a determination of the Fair Rental Value or the Fair Market Value of such Items of Equipment within 20 days after receipt by Lessee of written notice setting forth the method to be used to calculate damages pursuant to Section 14.2(b), such value shall be determined in accordance with the foregoing definition by a qualified, independent Appraiser. The term "Appraiser" shall mean any independent, nationally recognized appraiser chosen by the Lessor. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both the Lessor and the Lessee. The expenses and fees of the Appraiser shall be borne by the Lessee.

14.3. Cumulative Remedies. The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein

provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims of any right to assert any offset against the rent payments due hereunder, and agrees to make the rent payments regardless of any offset or claim which may be asserted by the Lessee on its behalf in connection with the lease of the Equipment.

14.4. Lessor's Failure to Exercise Rights. The failure of the Lessor to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

14.5. Notice of Event of Default. The Lessee also agrees to furnish to the Lessor, the Trustor, the Security Trustee and the Note Purchaser, promptly upon any officer becoming aware of any condition which constituted or constitutes an Event of Default under this Lease or which, after notice or lapse of time, or both, would constitute such an Event of Default, written notice specifying such condition and the nature and status thereof.

SECTION 15. RETURN OF EQUIPMENT UPON DEFAULT.

15.1. Lessee's Duty to Return. If the Lessor, or any assignee of the Lessor pursuant to Section 16 hereof, shall terminate this Lease pursuant to Section 14 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Lessor. For the purpose of delivering possession of any Item of Equipment to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(a) Forthwith place such Equipment upon such storage tracks of the Lessee or any of its affiliates or, at the expense of the Lessee, on any other storage tracks, as the Lessor may designate or, in the absence of such designation, as the Lessee may select;

(b) Permit the Lessor to store such Equipment on such tracks without charge for insurance, rent or storage until such Equipment has been sold, leased or otherwise disposed of by the Lessor and during such period of storage the Lessee shall continue to maintain all insurance required by Section 11.1 hereof; and

(c) Transport the Equipment to any place on any lines of railroad or to any connecting carrier for shipment, all as the Lessor may direct in writing.

All amounts earned in respect of the Equipment after the date of termination of this Lease, but not exceeding the rental, per diem, or other similar charge for equipment received therefor,

shall be paid to the Lessor or in the event this Lease has been assigned pursuant to Section 16 hereof, to such assignee, and, if received by the Lessee, shall be promptly turned over to the Lessor, or in the case of such assignment, to such assignee. In the event any Item of Equipment is not assembled, delivered and stored as hereinabove provided within 15 days after the termination of this Lease, the Lessee shall, in addition, pay to the Lessor or, in the case of such assignment, to such assignee for each day thereafter an amount equal to the amount, if any, by which the higher of (i) an amount equal to the daily equivalent of the rental in effect immediately prior to the expiration of the Lease for such Item of Equipment, or (ii) 125% of the Fair Rental Value (determined in the manner provided in Section 14.2 hereof) for such Item of Equipment for each such day exceeds the amount, if any, received by the Lessor or such assignee (either directly or from the Lessee) for such day for such Item pursuant to the preceding sentence.

15.2. Specific Performance. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Equipment.

15.3. Lessor Appointed Lessee's Agent. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 15, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Items of Equipment to the Lessor, to demand and take possession of such Item in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Item.

SECTION 16. ASSIGNMENTS BY LESSOR.

This Lease and all rent and all other sums due or to become due hereunder may be assigned in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. Upon notice to the Lessee of any such assignment, the rent and other sums payable by the Lessee which are the subject matter of the assignment shall be paid to or upon the written order of the assignee. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of any such assignee in and to the sums payable by the Lessee under any provision of this Lease shall not be subject to any abatement whatsoever and shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever

whether by reason of failure of or defect in the Lessor's title, or any interruption from whatsoever cause in the use, operation or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, howsoever and whenever arising, of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that, except in the event of a wrongful act on the part of such assignee, the Lessee shall be unconditionally and absolutely obligated to pay such assignee all of the rents and other sums which are the subject matter of the assignment, (ii) said assignee shall, if an Event of Default shall have occurred and be continuing, have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of said assignee) which by the terms of this Lease are permitted or provided to be exercised by the Lessor including, without limitation, the right to proceed pursuant to Section 14.2 hereof (except those rights, privileges and remedies relating to Excepted Rights in Collateral (as defined in the Security Agreement) shall remain enforceable by the Lessor and/or the Trustor as the case may be, pursuant to Section 14.2(a) only), but if no Event of Default shall have occurred and be continuing, said assignee, the Lessor and the Trustor may each exercise their respective rights, privileges and remedies stated in this Lease to be provided for their respective benefits, and notwithstanding the occurrence of such an Event of Default, the Lessor, the Trustor, the Security Trustee and the Note Purchaser shall each receive all notices and reports to be provided by the Lessee hereunder or under the other Operative Agreements and (iii) all obligations of the Lessor to the Lessee under this Lease shall be and remain enforceable by the Lessee against, and only against, the Lessor.

It is understood and agreed that the right, title and interest of any such assignee in, to and under this Lease and the rents and other sums due and to become due hereunder shall by the express terms granting and conveying the same be subject to the interest of the Lessee in and to the Equipment.

SECTION 17. ASSIGNMENTS BY LESSEE; USE AND POSSESSION.

17.1. Lessee's Rights to the Equipment. So long as no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, the Lessee shall be entitled to the possession and use of the Equipment in accordance with the terms of this Lease, but, without the prior written consent of the Lessor, the Lessee shall not assign, transfer or encumber its leasehold interest under this Lease in any of the Equipment; provided that the Lessee may assign its rights and/or obligations hereunder to any corporation controlled by, control-

ling or under common control with the Lessee, provided that if any such assignee fails to perform any of the agreements or covenants of the Lessee set forth herein, Lessee shall immediately and without further act of any party assume all of the responsibility for the performance and observance of every agreement and covenant of Lessee set forth herein, it being understood and agreed that in the event of any such failure Lessee's obligations hereunder shall at all times remain those of a principal and not a surety. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Equipment, except to the extent permitted by the provisions of Section 17.2 hereof.

17.2. Use and Possession by Lessee; Permitted Subleases. So long as no Event of Default, or any event which with the lapse of time or giving of notice, or both, would constitute such Event of Default, shall have occurred and be continuing, the Lessee shall be entitled to the possession and use of the Equipment. The Lessee shall also be entitled so long as it shall not then be in default under this Lease, to sublease the Equipment to, or to permit its use under the term of car contracts by, (i) a railroad company or companies incorporated in the United States of America, or any State thereof or District of Columbia or Canada or any Province thereof, upon lines of railroad owned or operated by such railroad company or companies or over which such railroad company or companies have trackage rights or rights for operation of their trains, and upon connecting and other carriers in the usual interchange of traffic or (ii) to responsible creditworthy companies other than railroad companies for use in their business (leases to such sublessees being herein referred to as "Permitted Subleases"); provided, however, that the Lessee shall not assign or permit the assignment of any Item of Equipment to service (including, without limitation, the regular operation and maintenance thereof) in any location which is not a Perfected Jurisdiction. For the purposes of this Section 17.2, a sublease of any Item to the Canadian National Railroad or the Canadian Pacific Railroad shall mean that such Item has been assigned to service in Canada, a sublease to a provincial railroad shall mean that such Item has been assigned to service in such Province and a Perfected Jurisdiction shall mean the United States and any Canadian or Mexican jurisdiction with respect to which all instruments required by the laws of any such jurisdiction have been executed, acknowledged, delivered, filed, registered and recorded as required (in the case of Mexico, to the best knowledge of the counsel delivering the opinion hereinafter referred to) by the laws of that jurisdiction to protect the rights of the Lessor and the Security Trustee under this Lease and the Security Agreement as evidenced by an opinion of counsel reasonably satisfactory to the Lessor, the Note Purchaser so long as it shall continue to be a holder of Notes, and the Security Trustee; provided, that no more than 10% of the Items of Equipment shall be assigned to service outside the continental United States at the same time. No assignment or sublease entered into by the Lessee hereunder

shall relieve the Lessee of any liability or obligation hereunder which shall be and remain those of a principal and not a surety.

If the Lessee desires to enter into any sublease which extends beyond the end of the Basic Lease Term (or any renewal thereof): (i) the terms of such sublease, insofar as they relate to any period extending beyond the end of the Basic Lease Term (or any renewal thereof), must be commercially reasonable, (ii) if the net worth of the Lessee is below \$100,000,000 at the time it desires to enter into such sublease, such sublease must be approved in writing by the Trustor prior to the execution thereof. In the case of (ii) the Lessee shall send written notice of its desire to enter into such sublease to the Lessor and the Trustor, and the Trustor shall have a commercially reasonable amount of time, not to exceed ten Business Days, to approve or reject such sublease. If the Lessor fails to approve or reject such sublease within such commercially reasonable amount of time, the Trustor shall be deemed to have approved such sublease.

17.3. Merger, Consolidation or Acquisition of Lessee. Nothing in this Section 17 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Equipment or possession of the Equipment to any solvent corporation organized under the laws of any state of the United States or the District of Columbia into or with which the Lessee shall have become merged or consolidated or which shall have acquired or leased all or substantially all of the property of the Lessee, provided that (i) immediately prior and after giving effect to any such merger, consolidation or acquisition, no Event of Default, or event which with notice or the passage of time, or both, would become an Event of Default, shall have occurred and be continuing, (ii) such assignees, successors or transferees shall have duly assumed the obligations of the Lessee hereunder and under the Participation Agreement and the Tax Indemnification Agreement pursuant to an agreement in all respects satisfactory to the Lessor and the Security Trustee and (iii) immediately after giving effect to such merger, consolidation or acquisition and the assumption of such obligations (a) the corporation which is to be the surviving or acquiring corporation shall, if the surviving or acquiring corporation is other than the Lessee, have a consolidated net worth (determined in accordance with generally accepted accounting principles) not less than the consolidated net worth of Lessee immediately prior to such merger, consolidation or acquisition and (b) such merger, consolidation or acquisition shall not alter in any way the Lessee's obligations to the Lessor hereunder which shall be and remain those of a principal and not a guarantor.

The Lessee will preserve and keep in full force and effect its corporate existence, rights and franchises and all licenses and permits necessary to the performance of its obliga-

tions hereunder, except as otherwise provided in the preceding paragraph.

SECTION 18. PURCHASE OPTIONS; RENEWAL OPTIONS.

18.1. Purchase Option. Provided that no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, the Lessee shall have the right to purchase all but not less than all of the Items of Equipment then leased hereunder at the expiration of the Basic Lease Term hereof at a price equal to the lesser of the Fair Market Value or 45% of the Purchase Price of such Items. The Lessee shall give the Lessor written notice not less than nine months nor more than one year prior to the end of the term of this Lease of its election to exercise the purchase option provided for in this Section, which notice shall be irrevocable. Payment of the option price shall be made at the place of payment specified in Section 2.3 hereof in funds then current against delivery of a bill of sale transferring and assigning to the Lessee all right, title and interest of the Lessor in and to the Equipment and containing a warranty against any liens and encumbrances on the Equipment arising by, through or under the Lessor as a result of any act of or claim against the Lessor not related to or connected with the ownership, leasing, use or operation of the Equipment or any transaction contemplated by the Operative Agreements, but without representation or warranty as to the condition of the Equipment or any other matters, and may specifically disclaim any such representations or warranties (collectively "Lessor's Special Bill of Sale").

18.2. Renewal Options. Provided that no Event of Default, or any event which with the lapse of time or the giving of notice, or both, which constitute such an Event of Default, shall have occurred and be continuing, the Lessee shall have one or more renewal options as to all, but not less than all of the Items of Equipment then leased hereunder, determined as follows:

(a) the Lessee shall give the Lessor written notice not less than nine months nor more than one year prior to the end of the Lease term or renewal term, as the case may be, of its election to exercise the renewal option provided for in this section, which notice shall be irrevocable, with the renewal term and/or terms to be determined and selected as hereinafter provided and each semiannual installment of Fixed Rental payable during any such renewal term to be in an amount equal to the lesser of the Fair Rental Value or 50% of the average of the semiannual Fixed Rental installments payable hereunder during the 20 year period following the Term Lease Commencement Date for all such Items of Equipment;

(b) promptly following receipt of Lessee's written election to renew the Lease given pursuant to clause (a), the Lessor shall choose an independent appraiser for the purpose of determining the then remaining estimated useful life, the uninflated residual value and the Fair Rental Value of the Equipment and shall notify the Lessee in writing of its selection. If for any reason the Lessee does not agree that such appraiser may act as the sole appraiser for purposes of this Section 18, it shall within ten days thereafter designate in writing to the Lessor a second qualified independent appraiser and such appraisers shall mutually agree upon a third qualified independent appraiser. If such appraisers cannot agree on such third appraiser within 20 days, then the American Arbitration Association shall promptly designate a third appraiser. Such party or parties so chosen to act as the appraiser for purposes of this Section 18 is hereinafter referred to as the "Appraiser" and the expenses and fees thereof shall be borne by the Lessee;

(c) promptly following the selection of the Appraiser, and in any event not less than ninety (90) days prior to the end of the Lease term, or renewal term, as the case may be, the Appraiser shall determine the then remaining estimated useful life of the Equipment as of the end of the Lease term or renewal term, as the case may be, the uninflated residual value thereof and the Fair Rental Value thereof;

(d) each renewal term shall be for a period which when added to the Lease term, all prior expired renewal terms and the then current expiring renewal term does not exceed 80% of the estimated useful life of the Equipment or result at the expiration of such proposed renewal term in the Equipment having an uninflated residual value less than 20% of the Purchase Price of the Equipment, all as determined by the Appraiser as of the end of the Lease term or renewal term, as the case may be, pursuant to clause (c) above. Each renewal term shall be for a one year period or a multiple thereof;

(e) the Casualty Value payable during any renewal term in respect of any Item of Equipment suffering a Casualty Loss shall be an amount equal to the higher of the Fair Market Value of such Item as of the beginning of such renewal term or 20% of the Purchase Price of such Item; and

(f) each renewal term shall commence immediately upon the expiration of the preceding term.

18.3. Determination of Fair Rental Value and Fair Market Value. For purposes of Section 18 hereof, the Fair Rental Value or Fair Market Value for any Item of Equipment shall be based on the assumption that the Equipment has been maintained in accordance with the requirements of the Lease and be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing lessee or buyer, as the case may be (other than a lessee or buyer, as the case may be, currently in possession) and an informed and willing lessor or seller, as the case may be, under no compulsion to lease or sell, as the case may be. If the Lessor and the Lessee are unable to agree upon a determination of the Fair Rental Value or the Fair Market Value of such Items of Equipment within 120 days of the end of the original Lease term, such value shall be determined in accordance with the foregoing definition by the Appraiser as determined pursuant to Section 18.2 hereof, or if within 120 days of a renewal term, by any independent appraiser mutually agreed upon by the Lessor and the Lessee or if no such mutual agreement is reached within 15 days, two independent appraisers, one chosen by the Lessor and one chosen by the Lessee, or, if such appraisers cannot agree on the amount of such value within 15 days of appointment, an independent appraiser to be chosen by the American Arbitration Association promptly thereafter. Such appraiser or appraisers shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both the Lessor and the Lessee. The expenses and fees of all such appraisers shall be borne by the Lessee.

18.4. Delivery of Equipment. Unless the Lessee has elected to purchase the Items of Equipment then leased hereunder as provided in this Section 18, all of such Items of Equipment shall be returned to the Lessor at the end of the original or then applicable renewal term in accordance with Section 13 hereof.

SECTION 19. EARLY TERMINATION; OPTIONAL TERMINATION.

19.1. Early Termination. So long as the Lessee shall not be in default under this Lease, the Lessee may, upon not less than 180 days' prior written notice to the Lessor and the Trustor, terminate this Lease with respect to all, but not less than all, of the Items of Equipment contained in any basic group identified as such in Schedule A hereto as of January 1, 1997, or as of any succeeding rent payment date during the Lease term hereof (but not during any renewal term) if such Items of Equipment, in the good faith judgment of the Lessee as approved by its Board of Directors, shall have become obsolete or surplus to the needs of the Lessee in the conduct of its business. Such written notice shall designate the date on which termination is to become effec-

tive and shall be accompanied by a certified copy of the resolutions of the Board of Directors approving such determination and by a Certificate of the President or a Vice President of the Lessee setting forth the determination that such Items of Equipment have become obsolete or surplus to the needs of the Lessee and a statement in reasonable detail of the basis for such determination and further certifying that the Lessee will make all reasonable effort to dispose of all equipment similar to such Items of Equipment within a two-year period following such termination date and the Lessee shall make all reasonable effort to dispose of such equipment within such two year period. For the purposes of this Section 19.1, interest rates payable by the Lessee on its indebtedness for borrowed money or finance charges payable by the Lessee in connection with the acquisition of its equipment under conditional sale contracts, leases or other arrangements for deferred payment shall be disregarded in the determination of any right of termination provided in this Section 19.1. Following the giving of such notice, the Lessee shall use its best efforts at the Lessee's sole expense to obtain bids for the purchase of such Items of Equipment from persons not affiliated with the Lessee, provided that no bids shall be accepted after the date which is 60 days prior to the date on which termination is to become effective. The Lessee shall certify to the Lessor and the Trustor in writing the amount of each bid so received and the name and address of the party submitting such bid promptly upon receipt thereof. The Lessor and the Trustor may obtain bids, but shall be under no duty to solicit bids, inquire into the efforts of the Lessee to obtain bids or otherwise take any action in connection with arranging such sale.

The Lessor shall accept the highest bid for such Items of Equipment obtained by the Lessee, the Lessor or the Trustor within the 120 days following the Lessee's written notice to the Lessor and the Trustor. On the termination date indicated in such notice, the Lessee shall pay, in immediately available funds, to the Lessor the installment of Fixed Rental due on such date plus the amount, if any, by which the Early Termination Value shown on Schedule E-1 hereto, in the case of such termination with respect to any tank car or group of tank cars, or E-2 hereto, in the case of such termination with respect to covered hopper cars, for such Items of Equipment as of such date exceeds the proceeds of such sale net of all costs incurred by the Lessor in connection therewith. On the termination date, the Lessor shall sell to the highest bidder (which shall not be the Lessee or any affiliate thereof) all of the Lessor's rights, title and interest in such Items of Equipment under a Lessor's Special Bill of Sale.

Upon payment to the Lessor by the Lessee of the amounts required by this Section 19.1, and payment of all other sums due hereunder, this Lease shall terminate with respect to such Items of Equipment. Whether or not any such difference is payable by the Lessee, the Lessee shall have no right to receive or share in

any portion of the proceeds of any sale of such Items of Equipment pursuant to this Section 19.1. If no bid is received, this Lease shall continue in full force and effect, provided that the Lessee shall have no further right to give notice of termination of this Lease pursuant to this Section 19.1 if the Lessee shall have exercised such right on three prior occasions or within the previous 12 months.

19.2. Optional Termination. In addition to the rights granted to the Lessee pursuant to Sections 19.1, 19.3 and 19.4, so long as the Lessee shall not be in default under this Lease, the Lessee may, upon not less than 180 days' prior irrevocable written notice to the Lessor, terminate this Lease with respect to all, but not less than all, of the Items of Equipment as of January 1, 1997, or as of any succeeding rent payment date during the term hereof. Such written notice shall designate the date on which termination is to become effective. On the termination date indicated in such notice, the Lessee shall pay, in immediately available funds, to the Lessor the installment of Fixed Rental due on such date plus an amount equal to the greater of (i) the Fair Market Value of the Equipment (determined in the manner provided in Section 18.3 hereof) or (ii) the amount of any premium for the prepayment of the Notes then required to be paid by the Lessor pursuant to Section 4.1(d) of the Security Agreement plus the Optional Termination Value of the Equipment as of such date shown on Schedule F-1 hereto, for all tank cars, and F-2 hereto, for all airslide hopper cars. In addition, the Lessee shall pay, in immediately available funds, to the Lessor, any other amounts due the Lessor under the Operative Agreements. Concurrently with the payment of the foregoing amounts, the Lessor shall deliver to the Lessee a Lessor's Special Bill of Sale transferring and assigning to the Lessee all right, title and interest of the Lessor in and to the Equipment.

Upon payment to the Lessor by the Lessee of the amounts required by this Section 19.2 and payment of all other sums due hereunder, this Lease shall terminate, except with respect to (i) any rights of the Lessor and duties of the Lessee regarding return of the Equipment as set forth in Section 13 and (ii) any obligations to pay Supplemental Rent which arise after the termination of the Lease hereunder but which obligations relate to events occurring before such termination.

19.3. Early Termination for Burdensome Tax Indemnity. In addition to the rights granted to the Lessee pursuant to Sections 19.1, 19.2 and 19.4, so long as the Lessee shall not be in default under this Lease, and in the event the assumption set forth in Section 2.5(ii) shall prove to be incorrect and the installments of Fixed Rental, prior to adjustment for any other reason, shall be recomputed and after such recomputation, the present value, discounted at a rate of 10% per annum to January 1, 1987, compounded semi-annually, of all of the installments of

Fixed Rental as theretofore paid and as so recomputed with respect to the rent payment date occurring after such recomputation, shall exceed an amount equal to 75.7969% of the Purchase Price of the Equipment, the Lessee may, upon notice to the Lessor within 30 days after such assumption shall prove to be incorrect, terminate this Lease with respect to all, but not less than all, the Equipment not less than 90 days after such assumption shall prove to be incorrect (the "Termination Date").

On the Termination Date, (a) the Lessee shall (i) assume the outstanding indebtedness of the Notes pursuant to Section 9.9 of the Participation Agreement and (ii) purchase all, but not less than all, of the Items of Equipment then leased hereunder for an amount equal to the greater of (A) a price per Item equal to the sum of (v) the amount of any advance by the Trustor pursuant to Section 2.1(a) of the Participation Agreement on the Closing Date for such Item, (w) a pro rata portion of the expenses set forth in Section 2.6 of the Participation Agreement relating to such Item, (x) the amount of any advance by the Trustor pursuant to Section 8 of the Participation Agreement relating to such Item, (y) the fee equal to 1% of the Purchase Price thereof paid by the Trustor to GATX Leasing Corporation, and interest on said respective amounts at a per annum rate equal to the higher of 13% or the Prime Rate (as defined in Section 21 hereof) plus 2% from and including the date of any such payment or advance to but not including the date of repayment, or (B) an aggregate price equal to the difference between (x) the Fair Market Value of the Items of Equipment (determined in the manner provided in Section 18.3 hereof within a period of 10 days, with all periods referred to in Section 18.3 to be reduced proportionally), and (y) the then outstanding aggregate principal amount of the Notes, and (b) the Lessor shall deliver to the Lessee a Lessor's Special Bill of Sale transferring and assigning to the Lessee all right, title and interest of the Lessor in and to the Equipment.

Upon payment to the Lessor by the Lessee of the amounts required by this Section 19.3 and payment of all other sums due hereunder, this Lease shall terminate, except with respect to any obligations to pay Supplemental Rent which arise after the termination of the Lease hereunder but which obligations relate to events occurring before such termination.

19.4. Early Termination for Insurance Matters. In addition to the rights granted to the Lessee pursuant to Sections 19.1, 19.2 and 19.3, so long as the Lessee shall not be in default under this Lease other than defaults pertaining to liability insurance coverage referred to in Section 11.1(a) (third paragraph) or 11.1(g) hereof, in the circumstances described in Section 11.1(a) (third paragraph) or Section 11.1(g) hereof, the Lessee may, upon not less than 30 days prior written notice to the Lessor (in the case of Section 11.1(a)) or upon giving the notice referred to in said Section 11.1(g), terminate this Lease with

respect to all, but not less than all, the Equipment as of a date occurring not less than 60 days after such date (in the case of Section 11.1(a)) or not less than 15 days after such date (in the case of Section 11.1(g)).

On the termination date the Lessee shall (i) assume the outstanding indebtedness of the Notes pursuant to Section 9.9 of the Participation Agreement and (ii) purchase all, but not less than all, of the items of Equipment then leased hereunder at a price equal to the difference between (A) the greater of (x) the Fair Market Value of the Equipment (determined in the manner provided in Section 18.3 hereof within a period of 10 days, with all periods referred to in Section 18.3 to be reduced proportionally) or (y) the Casualty Value of the Equipment as of such date shown on Schedule D-1 hereto, for all tank cars, and D-2 hereto, for all airslide hopper cars (or if the Lease is terminated on a date not set forth in the appropriate schedule an amount which will maintain the Trustor's Economic Return, taking into account the Casualty Value as of the then preceding and following Rent Payment Dates), and (B) an amount equal to the unpaid principal amount of the Notes. In addition, the Lessee shall pay, in immediately available funds, to the Lessor, any other amounts due the Lessor under the Operative Agreements. Concurrently with the payment of the foregoing amounts, the Lessor shall deliver to the Lessee a Lessor's Special Bill of Sale transferring and assigning to the Lessee all right, title and interest of the Lessor in and to the Equipment.

Upon payment to the Lessor by the Lessee of the amounts required by this Section 19.4 and payment of all other sums due hereunder, this Lease shall terminate, except with respect to (i) any rights of the Lessor and duties of the Lessee regarding return of the Equipment as set forth in Section 13 and (ii) any obligations to pay Supplemental Rent which arise after the termination of the Lease hereunder but which obligations relate to events occurring before such termination.

SECTION 20. COLLATERAL ASSIGNMENT BY LESSEE OF RENTALS UNDER PERMITTED SUBLEASES.

20.1. Assignment. As collateral security for the payment of any and all of the obligations and liabilities of the Lessee due hereunder, the Lessee does hereby grant a security interest in and assigns to the Lessor all of the right, title and interest which it has acquired or may have acquired in all rentals payable or receivable under and pursuant to each and all Permitted Subleases arising from, by virtue of, or in connection with, the Equipment, whether now existing or hereafter entered into, as and only to the extent that any Permitted Sublease relates to the Equipment, including, without limitation the immediate and continuing right to receive all such rental payments now or hereafter

payable or receivable pursuant to any Permitted Sublease; it being the intent and purpose hereof that the assignment and transfer to the Lessor of said rights shall be effective and operative immediately and shall continue in full force and effect at all times during the period from and after the date of this Lease until the end of the term of this Lease.

20.2. Rights of Lessee in Permitted Subleases; Segregation of Rental Payments. Notwithstanding any other provision hereof, so long as no Event of Default or any event which with the lapse of time or the giving of notice, or both, would constitute an Event of Default under this Lease shall have occurred and be continuing, the Lessee shall have the right to receive all rentals and other sums payable under any Permitted Subleases; provided, however, that if any such Event of Default or event shall have occurred and be continuing, the Lessee shall (i) receive and retain any rental payments under any Permitted Subleases, all or any portion of which payments are attributable to or receivable with respect to the Equipment or any Item or Items thereof, in trust for the benefit of the Lessor or any assignee pursuant to Section 16 hereof, (ii) deposit any such payment in the original form in which received into a separate account established for such purpose, into which no payments other than those described in clause (i) above shall be deposited, except in the case that the original form of such payment shall include both rentals under any Permitted Sublease attributable to any Item or Items of Equipment and additional rentals not so attributable, then the entire amount of such payment under such Permitted Sublease shall be deposited into such separate account, (iii) remit from such separate account all amounts due and owing to the Lessor in respect of any Item of Equipment, and (iv) only after the full portion required to be remitted to the Lessor pursuant to clause (iii) above shall, at any given time, have been so remitted, remit the balance in such separate account to a general account of the Lessee.

In addition to the rights of the Lessor pursuant to this Section 20, Lessee hereby grants Lessor Lessee's power of attorney to collect in the event of the occurrence of an Event of Default under Section 14.1(a) hereof, all rental payments due Lessee under any Permitted Subleases assigned to Lessor pursuant to Section 20.1 hereof. In such event, upon request, Lessee agrees promptly to furnish Lessor with the names and addresses of all sublessees under Permitted Subleases together with such other information as the Lessor may request. In such event, Lessee agrees to cooperate with Lessor in the notification of all sublessees under Permitted Subleases of such power of attorney and to execute any and all documents reasonably requested by Lessor in connection therewith. All funds collected by Lessor pursuant to such power of attorney shall be deposited and remitted in accordance with subsections (i) through (iv) of this Section 20.2.

The Lessee agrees that any rental payments received under any Permitted Sublease shall be first applied to, and shall be deemed to be payable in respect of, the Items of Equipment which may be leased under such Permitted Sublease, notwithstanding any default or deficiency in such rental payment by the sublessee under such Permitted Sublease.

20.3. Further Assignment. The Lessee acknowledges and agrees that (i) all rights and interests of the Lessor pursuant to this Section 20 may be assigned by the Lessor to any assignee in accordance with Section 16 hereof, and (ii) the assignment provided for in this Section 20 shall not in any way obligate the Lessor or any of its successors or assigns to perform or satisfy any of the obligations or liabilities of the Lessee, under any Permitted Sublease.

20.4. Rights under Uniform Commercial Code. Upon the occurrence of any Event of Default under this Lease, the Lessor shall, in addition to all other rights and remedies provided for herein, have in connection with the assignment provided for in this Section 20, all the rights of a secured party under the Uniform Commercial Code of Illinois (regardless of whether such Code is the law of the jurisdiction where the rights or remedies are asserted).

20.5. Further Assurance. Without limiting the foregoing the Lessee hereby agrees that it will deliver to the Lessor the original executed counterpart of any riders or schedules delivered under any Permitted Subleases in respect of the Equipment or any Item thereof, clearly marked to indicate that such counterpart is the original counterpart for purposes of the Uniform Commercial Code, and shall clearly mark on any multiple executed counterparts of such riders or schedules in its possession that they do not constitute the original counterpart for purposes of the Uniform Commercial Code; provided, the Lessee shall not be required to deliver any such rider or schedule (i) if less than five Items of Equipment are leased thereunder, or (ii) if rail cars other than the Items of Equipment shown on Schedule A hereto are leased thereunder, provided, further, that the Lessee agrees to the extent practicable to establish procedures for the delivery of separate riders or schedules segregating the Items of Equipment from other rail cars which may be leased to any sublessee thereunder or where not so segregated, noting the security interest granted hereunder in respect of such Items. The Lessee further covenants that it will, upon the written request of the Lessor execute and deliver such further instruments and do and perform such other acts and things as are necessary to effectively invest in and secure to the Lessor and its assigns the interests assigned pursuant to this Section 20 or other rights or interests due or hereafter to become due.

20.6. Application of Moneys. All distributions and payments to the Lessor shall be applied by the Lessor to the payment and reduction of the obligations and liabilities of the Lessee under this Lease and in accordance with the terms and provisions of the Security Agreement.

20.7. Duration. The satisfaction or discharge of any part of the obligations or liabilities of the Lessee under this Lease shall not in any way satisfy or discharge the assignment provided for in this Section 20, but such assignment shall remain in full force and effect so long as any amount remains unpaid on any such obligations or liabilities.

SECTION 21. INTEREST ON OVERDUE RENTALS AND AMOUNT PAID BY LESSOR.

Anything to the contrary herein contained notwithstanding, any nonpayment of rent due hereunder, or amounts expended by the Lessor on behalf of the Lessee, shall result in the additional obligation on the part of the Lessee to pay also an amount equal to the higher of (i) 12% per annum, or (ii) the Prime Rate plus 2% (or the maximum rate of interest permitted by law, whichever is less) on the overdue rentals and amounts expended for the period of time during which they are overdue or expended and not repaid. "Prime Rate" shall mean the prime commercial lending rate of The First National Bank of Chicago as publicly announced to be in effect from time to time.

SECTION 22. MISCELLANEOUS.

22.1. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States certified mails, first class, postage prepaid, addressed as follows:

If to the Lessor: Wilmington Trust Company as
Trustee under GATC Trust No. 86-2
Rodney Square North
Wilmington, Delaware 19890

Attention: Equipment Leasing
Administration

Payments to the Lessor hereunder
to be made as follows:

by wire transfer of immediately
available funds to Wilmington
Trust Company at
Rodney Square North
Wilmington, Delaware 19890
Fed Wire No. 031100092
for Credit to Trust Account No. 227766
Attention: Equipment Leasing
Administration
Reference: General American
Transportation Corporation upon
receipt.

If to Trustor: Columbia Willamette Leasing, Inc.
c/o Portland General Corporation
101 S.W. Main Street
Portland, Oregon 97204
Attention: President

With a copy to:

GATX Leasing Corporation
Four Embarcadero Center
Suite 2200
San Francisco, California 94111
Attention: Contracts Administration

If to the Security
Trustee:

Mercantile-Safe Deposit and
Trust Company
Two Hopkins Plaza
P.O. Box 2258
Baltimore, Maryland 21203

Attention: Corporate Trust
Department

If to the Lessee: General American Transportation
Corporation
120 South Riverside Plaza
Chicago, Illinois 60606

Attention: Law Department

If to the Note Purchaser: At the address provided
therefor in Schedule 2 to
the Participation Agreement.

or addressed to any such party at such other address as such party shall hereafter furnish to such other parties in writing.

22.2. Right of Lessor to Perform. If the Lessee shall fail to comply with any of its covenants herein contained, either the Lessor, the Trustor or, in the case of an assignment by the Lessor pursuant to Section 16 hereof, the assignee thereunder (including, without limitation, the Security Trustee and the Note Purchaser) may, but shall not be obligated to, make advances to perform the same and to take all such action as may be necessary to obtain such performance. Any payment so made by any such party and all cost and expense (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection therewith shall be payable by the Lessee to the party making the same upon demand as additional rent hereunder, with interest at the rate of the higher of (i) 12% per annum, or (ii) the Prime Rate plus 2% (or the maximum rate of interest permitted by law, whichever is less).

22.3. Investment Tax Credit. The Lessor and the Lessee hereby agree that the Lessee will claim any investment tax credit with respect to the purchase price of those Items of Equipment identified in Schedule A hereto as "ITC to Lessee" Items and the Lessor will, upon the written request of the Lessee, file, or cause to be filed, any election necessary to permit such claim; provided that the Lessee shall prepare and deliver to the Lessor for its signature any such election. The Lessor agrees that it will not claim any investment tax credit under Section 38 of the Code with respect to the purchase price of said "ITC to Lessee" Items. Lessor makes no representation and will not be deemed to have made any representation as to the availability of any investment tax credit with respect to the Purchase Price of said "ITC to Lessee" Items.

22.4. Execution in Counterparts. This Lease, and any lease supplemental hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original and in each case such counterparts shall constitute but one and the same instrument.

22.5. Law Governing. This Lease shall be construed in accordance with the laws of the State of Illinois without regard to principles of conflicts of law; provided, however, that the parties shall be entitled to all rights conferred by any applicable Federal statute, rule or regulation.

22.6. Headings and Table of Contents. All Section headings and the Table of Contents are inserted for convenience only and shall not affect any construction or interpretation of this Lease.

22.7. Severability. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be as to such jurisdiction ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

22.8. Lessor and Trustor Furnished Insurance. Without limiting any obligation of the Lessee to maintain insurance in effect pursuant to Section 11.1 hereof, the Lessor and the Trustor may each, at its own election and expense, maintain for its own benefit such additional public liability and/or property damage insurance as it shall deem appropriate so long as such insurance shall not impair the enforcement of or collection upon any policies maintained pursuant to said Section 11.1 or adversely affect Lessee's cost of or ability to obtain such policies.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective officers thereunder duly authorized and the corporate seals to be hereto affixed as of the day and year first above written.

WILMINGTON TRUST COMPANY,
not individually but solely as
Trustee under GATC Trust
No. 86-2

By

Its


Vice President

GENERAL AMERICAN TRANSPORTATION
CORPORATION

By

Its

[CORPORATE SEAL]

ATTEST:

Secretary

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective officers thereunder duly authorized and the corporate seals to be hereto affixed as of the day and year first above written.

WILMINGTON TRUST COMPANY,
not individually but solely as
Trustee under GATC Trust
No. 86-2

By _____
Its _____

GENERAL AMERICAN TRANSPORTATION
CORPORATION

By M. C. Andrews
Its Vice President


[CORPORATE SEAL]

ATTEST:

Paul A. Hain
Secretary

STATE OF DELAWARE)
) SS
COUNTY OF NEW CASTLE)

On this 12th day of November, 1986, before me personally appeared Francis B. Jacobs, II, to me personally known, who being by me duly sworn, say that (s)he is the Vice President of WILMINGTON TRUST COMPANY AS TRUSTEE UNDER GATC TRUST NO. 86-2, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Notary Public

[NOTARIAL SEAL]

My commission expires: 9/10/90

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this ____ day of November, 1986, before me personally appeared _____ and _____, to me personally known, who being by me duly sworn, say that they are the Vice President and Assistant Secretary, respectively, of GENERAL AMERICAN TRANSPORTATION CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[NOTARIAL SEAL]

My commission expires:

STATE OF DELAWARE)
) SS
COUNTY OF NEW CASTLE)

On this ____ day of November, 1986, before me personally appeared _____, to me personally known, who being by me duly sworn, say that (s)he is the Vice President of WILMINGTON TRUST COMPANY AS TRUSTEE UNDER GATC TRUST NO. 86-2, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[NOTARIAL SEAL]

My commission expires:

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 12th day of November, 1986, before me personally appeared W.C. Andrews and Paul A. Heinzen, to me personally known, who being by me duly sworn, say that they are the Vice President and ~~Assistant~~ Secretary, respectively, of GENERAL AMERICAN TRANSPORTATION CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Lillian M. Ward
Notary Public

[NOTARIAL SEAL]

My commission expires:

8/28/88

DESCRIPTION OF ITEMS OF EQUIPMENT

DELIVERY ON 11/14/86

<u>Identifying Marks and Numbers</u>	<u>Number of Cars</u>	<u>Description</u>	<u>Basic Group</u>	<u>Purchase Price Each</u>	<u>Total Purchase Price</u>
I. TANK CARS					
GATX 17548-17549 17555	3	DOT 111A-100-W-1 20,000 Gal. MMP	A	\$63,576	\$190,728
GATX 57726-57734 57737-57738	11	DOT 111A100-W-1 14,000 Gal. Superphosphoric Acid	M	54,129	595,419
GATX 16884-16898 16900	16	DOT 111A100-W-1 20,000 Gal. Nitrogen Fertilizer Solution	A	42,304	676,864
GATX 22413 22416-22417 22422-22425 22427-22435 22437-22438 22440, 22442, 22446, 22447, 22450, 22453-22461 22463, 22467, 22469, 22470, 22472-22477	42	DOT 111A100-W-1 16,300 Gal. 50% Caustic Soda	E	40,278	1,691,676
TOTAL TANK CARS <u>72</u>					<u>\$3,154,687</u>
II. AIRSLIDE HOPPER CARS					
GACX 56444-56450	7	LO.Airslide 4,900 Cu. Ft. Corn/Starch	L	61,625	431,375
TOTAL FREIGHT CARS <u>7</u>					431,375
TOTAL RAIL CARS <u>79</u>					<u>\$3,586,062</u>

BASIC GROUPS OF RAILCARS INCLUDED
IN GATC LEVERAGED LEASE, 1986-2

- A. General Service "Jumbo" Carbon Steel Cars
- B. General Service "Small" Carbon Steel Cars
- C. High Pressure Specialized Car
- D. Non-Pressure Specialized Car - Molten Sulphur
- E. Non-Pressure Specialized Car - Caustic Soda
- F. Non-Pressure Specialized Car - Slurry
- G. Non-Pressure Specialized Car - Corn Syrup
- H. Tank Train ® - Specialized Acid Type
- I. Tank Train ® - Unlined general service type
- J. Aluminum Specialized Car
- K. Specialized Acid Type Cars, Unlined
- L. Freight Cars (Airslide)
- M. Specialized Acid Type Cars, Lined
- N. Stainless Steel
- O. Compartmentalized

CERTIFICATE OF ACCEPTANCE
UNDER EQUIPMENT LEASE

TO: WILMINGTON TRUST COMPANY AS TRUSTEE UNDER GATC TRUST NO. 86-2
(the "Lessor")

I, a duly appointed and authorized representative of GENERAL AMERICAN TRANSPORTATION CORPORATION (the "Lessee") under the Equipment Lease dated as of November 1, 1986 between the Lessor and the Lessee, do hereby certify that I have inspected, received, approved and accepted delivery under the Lease of the following Items of Equipment:

TYPE OF EQUIPMENT:

PLACE ACCEPTED:

DATE ACCEPTED:

NUMBER OF UNITS:

MARKED AND NUMBERED:

I do further certify that the foregoing Items of Equipment are in good and new order and condition, and conform to the specifications applicable thereto, that there is no defect in any of the foregoing Items of Equipment with respect to design, manufacture, condition or in any other respect, that such Items of Equipment have not been damaged by accident or otherwise and that each Item has been labeled by means of a plate or a stencil printed in contrasting colors upon each side of the Item in letters not less than one inch in height as follows:

"TITLE TO THIS CAR IS VESTED IN A TRUSTEE UNDER
AN EQUIPMENT TRUST AGREEMENT RECORDED UNDER
SECTION 11303 (FORMERLY 20C) OF THE INTERSTATE COMMERCE
ACT OR VESTED IN ANOTHER PERSON OR ENTITY AND SO RECORDED;"

The execution of this Certificate will in no way relieve or decrease the responsibility of Trinity Industries, Inc., as manufacturer, for any warranties it has made with respect to the Equipment.

Dated: _____, 1986

Inspector and Authorized
Representative of the Lessee

(GATC No. 86-2)

LEASE SUPPLEMENT NO. 1

This LEASE SUPPLEMENT NO. 1, dated as of _____, between WILMINGTON TRUST COMPANY, NOT INDIVIDUALLY BUT SOLELY AS OWNER TRUSTEE UNDER GATC TRUST NO. 86-2, a Delaware banking corporation (the "Lessor"), and GENERAL AMERICAN TRANSPORTATION CORPORATION, a New York corporation (the "Lessee");

WITNESSETH:

The Lessor and the Lessee have heretofore entered into that certain Equipment Lease dated as of November 1, 1986 (the "Lease"). The terms used herein are used with the meanings specified in the Lease).

The Lease provides for the execution and delivery of a Lease Supplement substantially in the form hereof for, among other things, the purpose of confirming any change in Fixed Rentals, Casualty Value, Early Termination Value and Optional Termination Value.

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, the Lessor and the Lessee hereby agree as follows:

1. Schedules G, D, E and F to the Lease, showing Fixed Rental, Casualty Values, Early Termination Values and Optional Termination Values, are hereby amended to read in full as attached hereto.

2. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Lease Supplement may refer to the "Equipment Lease dated as of November 1, 1986" or the "Lease dated as of November 1, 1986" without making specific reference to this Lease Supplement, but nevertheless all such references shall be deemed to include this Lease Supplement unless the context shall otherwise require.

3. This Lease Supplement shall be construed in connection with and as part of the Lease, and all terms, conditions and covenants contained in the Lease, except as herein modified, shall be and remain in full force and effect.

4. This Lease Supplement may be executed in any number of counterparts, each executed counterpart constituting an original but all together one and the same instrument.

SCHEDULE OF CASUALTY VALUE

The Casualty Value for an Item of Equipment (Tank Cars) payable on the Term Lease Commencement Date or any Fixed Rental payment date thereafter shall mean an amount equal to the percent of the Purchase Price of such Item set forth opposite such date in the following schedule:

<u>Term Lease Commencement Date or Fixed Rental Payment Date on which Casualty Value is Paid</u>	<u>Percentage of Purchase Price Payable as Casualty Value</u>
07/01/1987	104.7525395
01/01/1988	105.1020715
07/01/1988	103.5082010
01/01/1989	103.4615986
07/01/1989	100.0303597
01/01/1990	101.1447476
07/01/1990	97.3023562
01/01/1991	98.2613081
07/01/1991	94.0312887
01/01/1992	94.7828311
07/01/1992	90.1435013
01/01/1993	90.7011338
07/01/1993	88.6521506
01/01/1994	89.0222153
07/01/1994	84.8061434
01/01/1995	85.0227399
07/01/1995	80.2244285
01/01/1996	80.3320260
07/01/1996	74.9915158
01/01/1997	75.1528603
07/01/1997	69.4174969
01/01/1998	69.7861131
07/01/1998	63.6743402
01/01/1999	64.2855718
07/01/1999	57.7737266
01/01/2000	58.6675311
07/01/2000	51.7305851
01/01/2001	52.9520763
07/01/2001	45.5635698
01/01/2002	47.1636202
07/01/2002	44.6972828
01/01/2003	46.3222512

SCHEDULE D-1
(to Equipment Lease)
(Tank Cars)

Term Lease Commencement Date
or Fixed Rental
Payment Date on which
Casualty Value is Paid

Percentage of Purchase
Price Payable as
Casualty Value

07/01/2003	39.5304070
01/01/2004	40.9172405
07/01/2004	33.2876119
01/01/2005	34.4454679
07/01/2005	26.5862969
01/01/2006	27.5073479
07/01/2006	21.8766646
01/01/2007	20.0000000

SCHEDULE OF CASUALTY VALUE

The Casualty Value for an Item of Equipment (Airslide Hopper Cars) payable on the Term Lease Commencement Date or any Fixed Rental payment date thereafter shall mean an amount equal to the percent of the Purchase Price of such Item set forth opposite such date in the following schedule:

<u>Term Lease Commencement Date or Fixed Rental Payment Date on which Casualty Value is Paid</u>	<u>Percentage of Purchase Price Payable as Casualty Value</u>
	<u>Airslide Cars With ITC</u>
07/01/1987	105.6305204
01/01/1988	106.2422437
07/01/1988	104.6493011
01/01/1989	104.2909400
07/01/1989	100.2371747
01/01/1990	100.3800314
07/01/1990	95.5751211
01/01/1991	95.6803811
07/01/1991	90.6914704
01/01/1992	90.7967304
07/01/1992	85.6050617
01/01/1993	85.7103217
07/01/1993	83.2952248
01/01/1994	83.4004848
07/01/1994	78.9995376
01/01/1995	79.1047976
07/01/1995	74.2551990
01/01/1996	74.3604590
07/01/1996	69.0164715
01/01/1997	69.1217315
07/01/1997	63.2351846
01/01/1998	63.4130748
07/01/1998	57.1618528
01/01/1999	57.6957619
07/01/1999	51.1741555
01/01/2000	52.1387378
07/01/2000	45.3596089
01/01/2001	46.8413720
07/01/2001	39.8233644
01/01/2002	41.9223466

Term Lease Commencement Date
or Fixed Rental
Payment Date on which
Casualty Value is Paid

Percentage of Purchase
Price Payable as
Casualty Value

Airslide Cars
With ITC

07/01/2002	40.0776479
01/01/2003	42.2755449
07/01/2003	36.1672452
01/01/2004	38.0657119
07/01/2004	31.0794034
01/01/2005	32.6872286
07/01/2005	25.4061060
01/01/2006	26.7044190
07/01/2006	21.5709771
01/01/2007	20.0000057

SCHEDULE OF EARLY TERMINATION VALUE

The Early Termination Value for an Item of Equipment (Tank Cars) payable on January 1, 1997 or any Fixed Rental payment date thereafter shall mean an amount equal to the percent of the Purchase Price of such Item set forth opposite such date in the following schedule:

<u>Fixed Rental Payment Date on which Early Termination Value is Paid</u>	<u>Percentage of Purchase Price Payable as Casualty Value</u>
01/01/1997	75.1528603
07/01/1997	69.4174969
01/01/1998	69.7861131
07/01/1998	63.6743402
01/01/1999	64.2855718
07/01/1999	57.7737266
01/01/2000	58.6675311
07/01/2000	51.7305851
01/01/2001	52.9520763
07/01/2001	45.5635698
01/01/2002	47.1636202
07/01/2002	44.6972828
01/01/2003	46.3222512
07/01/2003	39.5304070
01/01/2004	40.9172405
07/01/2004	33.2876119
01/01/2005	34.4454679
07/01/2005	26.5862969
01/01/2006	27.5073479
07/01/2006	21.8766646
01/01/2007	20.0000000

SCHEDULE E-1
(to Equipment Lease)
(Tank Cars)

SCHEDULE OF EARLY TERMINATION VALUE

The Early Termination Value for an Item of Equipment (Airslide Hopper Cars) payable on January 1, 1997 or any Fixed Rental payment date thereafter shall mean an amount equal to the percent of the Purchase Price of such Item set forth opposite such date in the following schedule:

<u>Fixed Rental Payment Date on which Early Termination Value is Paid</u>	<u>Percentage of Purchase Price Payable as Casualty Value</u>
	<u>Airslide Cars With ITC</u>
01/01/1997	69.1217315
07/01/1997	63.2351846
01/01/1998	63.4130748
07/01/1998	57.1618528
01/01/1999	57.6957619
07/01/1999	51.1741555
01/01/2000	52.1387378
07/01/2000	45.3596089
01/01/2001	46.8413720
07/01/2001	39.8233644
01/01/2002	41.9223466
07/01/2002	40.0776479
01/01/2003	42.2755449
07/01/2003	36.1672452
01/01/2004	38.0657119
07/01/2004	31.0794034
01/01/2005	32.6872286
07/01/2005	25.4061060
01/01/2006	26.7044190
07/01/2006	21.5709771
01/01/2007	20.0000057

SCHEDULE OF OPTIONAL TERMINATION VALUE

The Optional Termination Value for an Item of Equipment (Tank Cars) payable on January 1, 1997 or any Fixed Rental payment date thereafter shall mean an amount equal to the percent of the Purchase Price of such Item set forth opposite such date in the following schedule:

<u>Fixed Rental Payment Date on which Early Termination Value is Paid</u>	<u>Percentage of Purchase Price Payable as Casualty Value</u>
01/01/1997	75.1528603
07/01/1997	69.4174969
01/01/1998	69.7861131
07/01/1998	63.6743402
01/01/1999	64.2855718
07/01/1999	57.7737266
01/01/2000	58.6675311
07/01/2000	51.7305851
01/01/2001	52.9520763
07/01/2001	45.5635698
01/01/2002	47.1636202
07/01/2002	44.6972828
01/01/2003	46.3222512
07/01/2003	39.5304070
01/01/2004	40.9172405
07/01/2004	33.2876119
01/01/2005	34.4454679
07/01/2005	26.5862969
01/01/2006	27.5073479
07/01/2006	21.8766646
01/01/2007	20.0000000

SCHEDULE OF OPTIONAL TERMINATION VALUE

The Optional Termination Value for an Item of Equipment (Airslide Hopper Cars) payable on January 1, 1997 or any Fixed Rental payment date thereafter shall mean an amount equal to the percent of the Purchase Price of such Item set forth opposite such date in the following schedule:

<u>Fixed Rental Payment Date on which Early Termination Value is Paid</u>	<u>Percentage of Purchase Price Payable as Casualty Value</u>
	<u>Airslide Cars With ITC</u>
01/01/1997	69.1217315
07/01/1997	63.2351846
01/01/1998	63.4130748
07/01/1998	57.1618528
01/01/1999	57.6957619
07/01/1999	51.1741555
01/01/2000	52.1387378
07/01/2000	45.3596089
01/01/2001	46.8413720
07/01/2001	39.8233644
01/01/2002	41.9223466
07/01/2002	40.0776479
01/01/2003	42.2755449
07/01/2003	36.1672452
01/01/2004	38.0657119
07/01/2004	31.0794034
01/01/2005	32.6872286
07/01/2005	25.4061060
01/01/2006	26.7044190
07/01/2006	21.5709771
01/01/2007	20.0000057

SCHEDULE OF LEASE PAYMENTS

<u>Date of Payment</u>	<u>Percentage of Purchase Price</u>
7/1/87	3.0767475
1/1/88	4.3719769
7/1/88	3.0139289
1/1/89	4.4347955
7/1/89	4.5367857
1/1/90	2.9119387
7/1/90	4.6705864
1/1/91	2.7781379
7/1/91	4.7670486
1/1/92	2.6816758
7/1/92	4.8733445
1/1/93	2.5753798
7/1/93	4.9904767
1/1/94	2.4582476
7/1/94	6.8591948
1/1/95	2.2448017
7/1/95	7.0944003
1/1/96	2.0095962
7/1/96	7.3535837
1/1/97	1.7504128
7/1/97	7.6391893
1/1/98	1.4648071
7/1/98	7.9539109
1/1/99	1.1500856
7/1/99	8.3007165
1/1/00	0.8032800
7/1/00	8.6828769
1/1/01	0.4211195
7/1/01	9.1039965
1/1/02	0.0000000
7/1/02	4.1381802
1/1/03	0.0000000
7/1/03	8.4594600
1/1/04	0.0000000
7/1/04	9.1039965
1/1/05	0.0000000
7/1/05	9.1039965
1/1/06	0.0000000
7/1/06	8.6309740
1/1/07	0.4730224

SCHEDULE G
(to Equipment Lease)